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NOVEMBER 1976

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CLARENCE B. CARSON

Reflections on AMUSEMENT PARKS

Among Other Closed Systems

IT BAFFLES ME why anyone but children too small to go unattended, and for whom there would be no potential escorts, could be persuaded to submit themselves to the indignities of an amusement park. I, for one, do not like heights, do not like to be raised to them on some creaking chain or cable, to be plummeted downward, sideways, or upside down. I do not care to defy the laws of gravity, be spun around at sickening speeds, or be drenched by showers of water in some device propelled through artificially created streams. Spook houses don't spook me, though I do fear for my wallet as I pass through dark places with strangers all about. Indian manikins in contrived jungles have extremely limited possibilities for thrilling me.

These thoughts were prompted by a recent visit to one of the more expensive and extensive of such amusement parks in the land, accompanied by my wife with both of us in tow to our two impatient youngsters. My sour reaction may have been the result, in part, of the peculiar circumstances. We were so lacking in foresight as to time our visit for a Saturday in July, a day on which it appeared that all 215,000,000 Americans and an undisclosed number of foreigners decided to turn up at the same park. I didn't count them, but if some were not there, they could hardly have been missed.

Dr. Carson has written and taught extensively, specializing in American intellectual history. His most recent book, *The Rebirth of Liberty: The Founding of the American Republic 1760-1800* is now available in a 350-page attractive Bicentennial paperback at $3.00 from *The Foundation for Economic Education*, Irvington-on-Hudson, N.Y. 10533.

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It was hot and humid. We sweltered, dried out, parched, and dehydrated. The presence of water in various sorts of streams offered no relief, for it would have been unmeet to drink it, and we were not permitted to swim in it. Whichever way we decided to go, great throngs were headed the other way, throngs which we had to find a way to go through. Even so, they arrived at whatever ride or exhibit we were going to and were able to take their place in line ahead of us.

My thoughts should be read in yet another context, too. Life began at Forty for me a while back. My idea of amusement in July is to sit in a lounge chair under a shade tree and watch the sun go down. Moreover, I greatly admire the venturesome entrepreneurs who conceived this mercifully unnamed project and the speculators who had the foresight to invest in it. Nor have I anything but compassion for the intrepid "visitors" to the park who labored so hard to get their money's worth once they had got there. If there are any adults anywhere who enjoy such experiences, I would appreciate hearing from them, since I am even now setting aside a fund to pay someone to take my children the next time their clamor to go reaches an irresistible pitch.

However, "All things work together for good to them that love the Lord," as the Apostle Paul said, and this experience did lead to some reflections which I would like to share. After pondering the day, I focused upon several aspects of the park which were particularly irritating. One was the long waits in lines before we could take the rides or get into the exhibits. These waits often lasted considerably longer than the rides or the trips through the exhibits. A related irritant was that if you liked the ride and wanted to go again, it was necessary to go back to the end of the line in order to do so. Another was their penchant for measuring the children to determine if they would be able to go on the rides. One of my children was a little too tall for some of them and was excluded from pleasures which the smaller child could enjoy. Then, there was the universal irritant of such places: the high prices of candy, food, and drink, particularly drink. We paid fifty cents for slightly more than a thimbleful of some sort of fruit drink.

A Closed System

These irritants can be attributed to one or both of two aspects of the organization of this amusement park: it is a closed system, and price is not used in allocating many of the goods. The closed system is frequently used to raise prices by eliminating competition. Most of us are familiar with its use when

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access to alternative sources is not available or is deliberately shut out. Most stadiums, parks, and other places where ball games are played are more or less closed systems. Refreshments are usually higher than in the open market, and the prices charged at concessions are regulated. The same generally applies to fairs, circuses, and many other special events. Almost any kind of public transport—trains, boats, airplanes—constitutes a potential closed system, though competition has thus far been so vigorous among airlines that they have rarely taken advantage of the possibilities.

The operators of the amusement park in question have apparently deliberately devised a closed system. The park is at some distance from any alternate sources of refreshment. This has been made irrelevant, however, by the admission practices. The entrances and exits are by way of turnstiles. The entrance fee is $7.50 per person, and includes the cost of all rides and exhibits. Once inside, the only way to reach alternate sources of refreshments would be to make an exit from the park. To get back in, it would be necessary to pay the fee again. No rain checks are given. This tends to make the park a closed system.

Most of the irritants can be attributed directly to these admission policies. Once the price of admission has been paid, the rides and exhibits are "free." A kind of contest then develops between the "visitors" and the operators of the park. The visitors attempt to avail themselves of as many of the attractions as possible, to get as much for their money as possible, to make the price of admission a bargain, if that is possible. This helps to explain the waiting.

True, I visited the park at the height of the season, and on a Saturday, but there was evidence that lines are common and usual, except at the ticket windows in front of the entrance. Most rides and exhibits can only be reached by threading one's way through a maze of elongated "stalls." These mazes are used to confine the waiting lines to relatively small areas and keep them from interfering with the flow of traffic generally, among other things.

Waiting Is the Price

What has happened can be readily explained in economic terms. Inside the park, prices are not used to allot these rides and exhibits to the customers. The result is a "shortage" of rides and exhibits and a "surplus" of "customers." Waiting in line becomes a means of paying for the "free" rides and exhibits. It also becomes an effective means of reducing the amount of goods one is

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likely to acquire by paying the general price of admission. For most people, at some point, another long wait in line outweighs any anticipated thrill or pleasure. They may not be sated with rides and exhibits, but they are with waiting in line.

Have the operators of the park deliberately contrived it so that it works out this way? Undoubtedly. I have been to a number of carnivals and the like, where admission is paid to each attraction separately and individually. At these, one can ordinarily purchase as many tickets as he wants, and repeat the ride, or whatever, as long as his tickets last. It is not necessary to get out or off and stand in line again. Moreover, the "free" ride accounts for the eligibility requirements for the children's rides. I have never seen children measured to determine if they were the right size when tickets for individual attractions were purchased.

There are many advantages to any purveyor of goods of having a closed system. It reduces greatly the effort that needs to be put into selling. In the case of the above amusement park, once the admission ticket has been sold, no more tickets need be sold. It reduces competition. The attractions do not have to compete with one another for customers; the customers compete to get into the attractions. The burden is shifted in significant ways from the seller to the buyer. From pushing his goods and wares, the seller can turn his attention to regulating the conditions in which his goods and services can be attained. In short, the seller can shift from attracting to regulating. The advantages to the seller are considerable. The advantages to the buyer are largely illusory or nonexistent. And, thereby hangs a tale.

Aspects of Monopoly

There are closed systems and closed systems. Every merchant attempts to create at least a miniature closed system. He seeks to establish an environment that will induce people to trade with him and not with someone else. He may give trading stamps, offer prizes, give guarantees and warranties, or distinguish his goods and services in whatever ways he can from others. Ordinarily, these miniature closed systems are of no particular interest or concern. If entry to the market is free, they are simply experienced as competition among purveyors of goods. The greater the effort put into establishing a closed system, the more vigorous the competition is likely to be.

Even so, the buyer should beware. What is here being called a closed system is what is ordinarily referred to as monopoly. The advantage of the phrase, "closed system," is that it refers to that aspect of monopoly

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which is disadvantageous to the consumer. Much of the discussion of and action against monopoly has been confused and misguided, confused because monopoly is a generic term which can only be specialized to refer to its harmful aspects by ignoring its basic meaning, and misguided because it aims at effects rather than causes.

There are aspects of monopoly which are essential to freedom and to the free market. Monopoly is the exclusive right to sell. Though it may not be immediately apparent, all ownership of anything constitutes a monopoly, at least all private ownership. The exclusive right to sell one's services is a monopoly of them. It is also a most vital aspect of freedom. Property in real estate or chattels is a monopoly. The right to have such monopolies is vital and essential to freedom.

There is another aspect of monopoly, too. Every effort to improve goods or services by any vendor has as its tacit aim becoming the only seller in the market. Every enterprising entrepreneur is a potential monopolist, then. But the face that his effort bares ordinarily is competition. The tacit aim is monopoly, but the visible result in a free market is competition. Any general assault on monopoly, such as that of the Sherman Antitrust Act, becomes in effect an assault upon quality goods and services and upon effective competition.

Monopoly is not the villain of the piece, then, but that aspect of it that is here called a closed system is. A closed system is one which shuts off alternative sources of goods, services, employment, land, or whatever. "Alternative" is the key word. It is of no untoward consequence that I am the only seller of my services, of this particular apple, of that particular knife, of a given house and lot, or whatever, so long as there are alternative sources of similar goods and services. When we are cut off from alternatives, it is then that we experience the notorious consequences that have been improperly attributed to monopoly in general. The closed system produces high prices, low quality, shortages, surpluses, busybody regulations, and a hundred other unwanted results.

Buyers Keep System Open

Each of us is inclined—more deeply than we are apt to suppose—to want and to seek a closed system within which to operate. It would free us of the necessity to compete. It would enable us to order people around rather than having to appeal to them and attract them. Think how effectively we could plan our lives if we only had a closed system! The ideal position would be

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similar to that of, say, a Federal judge: appointment for life, a jurisdiction from which others were excluded, the power to compel "customers" to use our service, and the authority to punish those who disobeyed our orders. This is the motive power behind the thrusts toward building closed systems.

The buyer must beware, as I have said, if he wishes to avoid the tangles of a closed system. Indeed, it is the awareness of buyers that turns the thrust of merchants to make closed systems into competition. The fear of large corporations and other such conglomerates in the latter part of the nineteenth and in the early twentieth century arose from a sound instinct. The instinct was that a large business operating over extensive territory had the potentiality for erecting a closed system. So it does, but there is a counterweight to it in the open market. Other entrepreneurs can and do enter the market on a similar scale to put at naught the efforts of those who appear about to succeed in establishing a closed system. In short, customers are a match for the makers of closed systems in a free market. Customers may indeed tolerate some degrees of closed systems, but they will limit the extent and sway of them.

Closed systems are a threat in direct proportion to the duration of their hold and extent of their sway and in inverse ratio to the ease with which the hold can be broken and the sway be limited. If one can refuse the good or service, walk out, turn off, or quit without drastic consequences, the system is not really closed and poses no great threat.

The buyer should beware in the market place, then, beware not only of the price and quality of what he buys but also of the extent to which he entangles himself in some system. But there is an arena where he needs to beware much more than in the market place. It is the arena of the epitome of closed systems, the closed system to top all closed systems—*the State*. Note, I say "the State," not government, is the epitome of closed systems.

The Power of the State

The State is that area, any area, ruled over by a single independent power. The State is an abstraction, but the area is quite real. It is the nature of the State to be an absolutely closed system, to have boundaries which outsiders may not cross to enter and insiders may not cross to get out. The existence of the State consists entirely of these boundaries which are usually invisible and are largely imaginary. The more firmly the boundaries inhibit entry or exit, the more nearly the State approaches the realization of its "stateness." To put it another

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way, the State becomes a visible reality, as much as any abstraction can, when its boundaries are marked with high walls or barbed wire fences and the openings guarded by cannons and machine guns. The amusement park, with which this essay began, is, of course, a miniature state, but only a temporary one.

Government exercises power over the people within a state. Government determines the extent to which the State is a closed system. We have no choice as to whether or not we will reside in a state. We have no choice as to whether or not we will have a government. We can choose what kind of government we have and how extensive and restrictive it will be. It is in these choices that the buyer must beware. By nature, the State is a closed system. By nature, whatever government regulates or controls it tends to make of that area a closed system. Government is not a closed system, but its method of operation makes it force out alternatives.

The necessity for government is to maintain the peace within the State. It is interesting and encouraging that so long as it does this task well, and is restricted to this task, it opens rather than closes the system. Freedom can only be exercised effectively where life and property are reasonably secure. Liberty is broadened to the extent that men are not greatly threatened by murder, theft, fraud, and conspiracies against them. The free market is a phenomenon of the security of life and property.

Nor does a government which maintains the peace, and is restricted to that, produce the infelicities associated with a closed system. There is no crush of people willing and waiting to have government exercise its powers upon them. No lines form to get arrested. Men present themselves before courts under the threat of dire consequences if they do not. The number seeking to be imprisoned is surely infinitesimal, if there is any such number. Prudent men avoid occasions of contact with government which may bring them to the unfavorable attention of those who enforce the law.

Government in the Market

In short, the *basic* task of government is such that there is no market for the activities which it engages in. In the performance of its basic task, government offers nothing for sale in the market and so far as it makes purchases in the market may do so in a non-governmental way, that is, without the use of force.

All this changes when government becomes an active factor in the market. Then, the movement is toward a hampered market and a closed system. Government can be-

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come an active factor in the market in two ways: it can offer goods and services in the market or it can regulate and control those who do. In either case, it makes entry to the market more difficult and reduces the number of alternative sources of goods and services.

Let us deal first with government as a provider of goods and services. Let it be noted that there are no free goods. There are no free rides, even in an amusement park. There are no free lunches. There is no free medical care. There are no free schools.

A sound instinct tells us that when a salesman in the market tells us that he is going to give us something absolutely free, we had best beware. At the least, he is trying to break down our sales resistance to something else by making us feel obligated to him. Quite likely, he may be going to give us something whose use is going to depend on something he has for sale. It is a "come on," we say, and we have learned to be wary of these. It is even more important that we beware of "free" goods offered by government, for they carry with them a lot of hidden costs.

"Free Goods" Become "Rights"

If goods were free, they would cease to be goods. This is an economic fact. But the psychological and political dimensions need to be explored a little further. We say with confidence that there are no free rides or free lunches. Our meaning is clear to us: we mean that they have to be paid for by somebody, somewhere, at some time. True enough, and a most important truth. But it is also true that a situation can be created where rides become "free," so far as any direct charge for them is concerned, and lunches can be and are given away.

It has been little noticed, but there is a tendency for these free items to become something other than or different from goods. Free lunches or free rides become not so much goods to be sought as rights to be asserted. If my impression was correct, many people in the amusement park were not being amused; they were asserting their rights to the rides and exhibits. Certainly, it is this that leads to the legalistic approach of establishing eligibility requirements for certain of the rides.

Much more importantly, welfare payments, food stamps, and such like, are now commonly referred to as rights. There are now welfare recipients who bend every effort to get everything that is coming to them. They are not the only ones. School systems frequently employ a person whose task is to discover government aid programs and make sure that the system receives them. "Free" goods have become rights, and there are people determined to

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have all that is coming to them whether they need, want, or can use them or not.

Some "free goods" cease to be thought of as goods at all by recipients; they become "bads." This is so for many of the children in "free" schools much of the time and for most children some of the time. In fact, governments do not simply offer schools in the market but compel attendance at some school. The government determines what is "good," not the child or even his parents. In consequence, some schools take on the aspect of part-time prisons with armed guards and some of the other paraphernalia of compulsion.

Alternatives Reduced

The schools, too, are a good example of how government in the market reduces alternatives and tends to close the system. Government not only compels school attendance but also prohibits the young from working in many employments until they reach a certain age. They have very few alternatives to going to school even if they were not compelled to do so. Most states have lengthy prescriptions for what must be taught in any acceptable school, public or private. The result is severe limitation of what is appropriate to education. Moreover, the Federal courts, Congress, and HEW have in significant ways federalized the schools with regulations, prescriptions, and rulings. The direction is toward a standard school for all America.

The Post Office is an even better example of closing the system when government offers a service. The government long ago eliminated all competitors in delivering first class mail. It behaves in a fashion which is typical of monopolies. It continually raises prices, reduces service, and regulates the customers. More and more of the services once performed by clerks are now performed by the patrons.

How customers are regulated can be illustrated by a homely example. The local post office which I use often has fairly long lines. Post offices are not the only places where lines form, of course; they form at banks, checkout counters of grocery stores, and other places. There is a difference, however, as I discovered. In private establishments, customers often shift from line to line in the hope of getting service sooner. Indeed, it is not uncommon in grocery stores, when another checkout counter is opened, for the clerk to beckon to those at the end of the line to come and be served. Not so, in this post office. I was near the end of the line one day when I observed that another window had been opened. I moved toward it, as I probably would have done in the grocery store. I was ordered back

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into line by an officious clerk, who thereafter took the people one at a time who were nearest to the originally open window. The post office has since roped off an area to assure that everyone stays in a single line. It may be that they will shortly install a maze of stalls through which the patrons must proceed.

It is debatable, I suppose, whether in strict justice a newly opened counter should be used to serve those nearest to the original counter before which the line had formed or the newest comers to the line. I have observed, however that when the customers are free, those about to be waited on will stay in the original line while those furthest back are most likely to shift to the new line. The clerks at the grocery store attempt to keep the lines short and see to it that everyone's wait is as brief as possible. The grocery clerks are attuned to service. The line in this post office has been politicized. Everyone is going to have as long a wait as anyone else, if possible, regardless of race, creed, color, religion, age, infirmity, or what not. The grocery clerk beckons; the postal clerk orders. The grocery store competes in the open market; the Post Office operates as a closed system.

Examples are abundant of how government acting in the market tends to close the system. If all that come to mind were reported this would become a book instead of an article. Suffice it to say, then, that wherever government intervenes in the market it tends to reduce alternatives.

When government franchises, licenses, regulates, prescribes, inspects, sets standards, or in whatever manner intervenes in the market it reduces alternatives. When it offers goods or services in the market it tends to eliminate all competitors. Its activities produce surpluses, shortages, and imbalances. It turns its power on its "customers" to make them conform to its rules and winnows them through sets of eligibility requirements. The more government acts on the market in these ways the more hampered it becomes, the less open, and the more nearly closed. The thrust toward intervention in our day is socialistic, and the end result is the closed system.

State vs. Market

It is common in our day for economists to speak of the market in terms of the "public sector" and "private sector." These phrases have never struck me as particularly apt, and I have always avoided the use of them. For one thing, they smack of jargon which it is usually well to avoid. But there is a much more important reason than this. They do not fully describe what is involved

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nor do they reveal the character of the actions they purport to bring to our attention. Much better distinctions are available, but they need a little introduction.

Man lives out his life within the orbit of two great abstractions. One is the State. The other is the Market. The State, as already indicated, is the epitome of the closed system. By nature, it is a barrier, confining those within its boundaries and shutting others out: restricting, limiting, and inhibiting all activity. The Market, on the other hand, is by nature open and free. The consumer welcomes all to the market, seeking as he does to buy the highest quality he can discover for the lowest price. He can do this best if all who have goods or services are available to him in the market. Any appearances to the contrary, the Market is the arena of the buyer or consumer. The seller is there at the consumer's behest and is tolerated only so long as he pleases.

Government is the instrument of force which determines whether and to what extent the State or the Market holds sway. If the Market is to prevail, the government maintains the peace and allows freedom for it to unfold and helps to remove the barriers to its expansion. If the government throws its weight behind the State, it acts to inhibit the Market and increase the barriers. The more government intervenes in the market the more it increases the power of the State. The "public sector" is, in reality, Statism. The "private sector" is none other than Freedom. The issue is not between the "public sector" and the "private sector." It is between Statism and Freedom. The end toward which Statism moves is the totalitarian state with its massive barriers at the frontiers to prevent entry or exit of peoples and goods. Its appropriate symbols are the Berlin Wall and the fugitive shot down as he tries to escape.

Amusement parks do not matter much. I can take them or leave them. Hopefully, my children will grow up and can do likewise one day. In any case, life is long and visits to them are brief, and you can leave any time you wish. It is not so with the State. To move from one state to another is a great inconvenience, is costly, and frequently requires the mastery of another language and the adoption of another way of life. Moreover, the likelihood today is that Statism will be as prevalent, or more so, in the new state as in the old. Better to focus on government, limit its functions, beware the siren song of the State, and recover the freedom of the Market.

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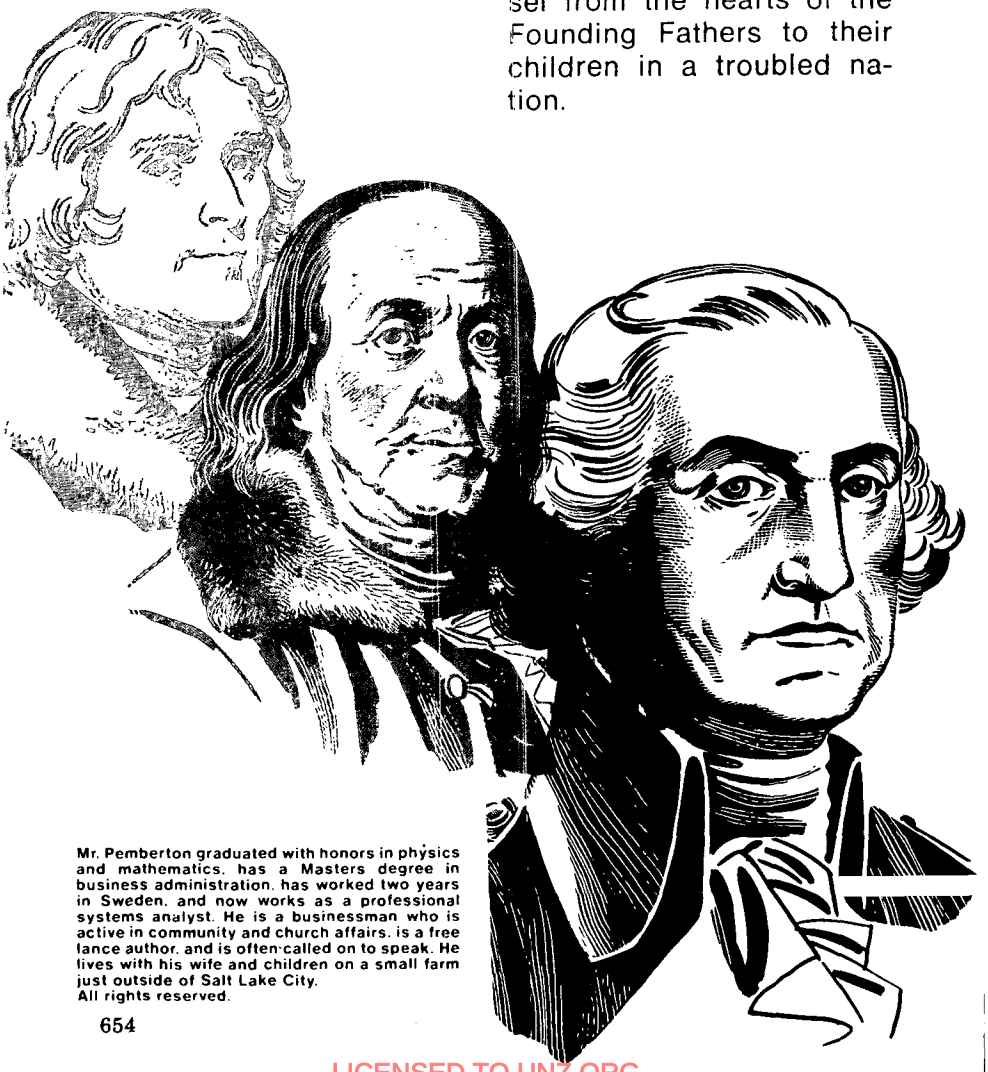
A NEW MESSAGE

JACKSON PEMBERTON

Words of courage and counsel from the hearts of the Founding Fathers to their children in a troubled nation.



Mr. Pemberton graduated with honors in physics and mathematics, has a Masters degree in business administration, has worked two years in Sweden, and now works as a professional systems analyst. He is a businessman who is active in community and church affairs, is a free lance author, and is often called on to speak. He lives with his wife and children on a small farm just outside of Salt Lake City.

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VII. On Amendment XVII

This continues a series of articles in which the author draws upon the extensive collection of the thoughts of the Founding Fathers and lets them speak to us relative to the problems we face in the United States today.

WHEN WE MET in convention in Philadelphia that summer of 1787, our new land was in the throes of civil turmoil and economic emergency. Mobs had driven the Congress from the city, court houses in Massachusetts had been fired upon, inflation had wasted ninety-eight cents of our dollar, general disorder and dismay reigned in the cities and hearts of the people. Our urgent intent was to assuage those ills, and neither our feelings nor our view of our troubles was so different from a hundred similar gatherings assembled in history by the press of political problems. At first we were largely unaware of the far-reaching consequence of the seemingly natural events of the Convention.

While most of us saw only the grave conditions around us, there were a few great ones who saw in those troubles the seeds of a better and more enduring system. But faintly did we sense the full stature of the giants who sat among us; those few whose wisdom pierced the gathering gloom and fastened upon the vision of a liberty wherein the powers of the people would balance the powers of government, and the frailties of human government would be balanced against themselves, and the written Constitution would fix and protect them all.

By the persistent consideration of conflicting but equally worthy objectives we worked our way to a new understanding and a balancing of those objectives which loosed the powers and enterprise of the citizens while it protected them in their rights and gave them control of their protector. The resulting Constitution was an instrument of somewhat delicate but well-guarded balances, a framework which has proved its worth in the nation's unparalleled successes.

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You may think I too frequently remind you of that, but I have seen your ignorance and am resolved that you shall learn well the single most obvious fact of your two centuries: that the balances of the Constitution specifically and the goodness of the people generally are the towering columns which raised you to your present glory. My children—be careful lest the relentless drumming of the philosophy of "something for nothing" bring you down like the walls of ancient Jericho, for now it jars both pillars and the nation shudders in the din.

The Constitution has been called the result of many compromises but I prefer to call them balances. We balanced anarchy against oppression, nationalism against federalism, and the branches of government against each other. Each of these balances is supported by others, and all of them are necessary to the proper function of your government. But some of them have been badly disturbed or altogether removed, and you now feel the consequences.

One of those most critical to the welfare of the nation was reached in the design of the bicameral Congress. We preferred the advantages of democracy but declined to suffer its errors. We desired to protect our States and our local governments and minorities among the people from the oppression of strict popular rule; that defect being clearly discernible in the cracks that wrecked the foundations of the ancient Greek nations. On the other hand, we wanted no part of Plato's republic with its established, tyrannical aristocracy. But between those extremes we founded a Congress which was at once a direct representative of the people (the House) and a direct advocate for the States (the Senate).

It is an obvious principle that the greater the facility with which the people may control their government, the less it will be allowed to oppress them (except when the political ignorance of the electorate permits politicians to successfully espouse impossible programs). Likewise, the closer the government function operates to the public, the easier their control thereof.

These considerations lead naturally to a universal principle of good administration: each problem should be treated at the lowest possible level. Thus school books should be selected by the teachers and parents of the pupils who use them, fence lines should be the concern of the county surveyor, laws prohibiting crimes of all types are the correct domain of the State, and national security must be attended by the United States. It is an interesting exercise in what you call political science to write oneself a

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list of those operations which cannot be performed by the States or lower agencies, and which must therefore be handled by the Union. I heartily encourage you to attempt it!

Some have thought that our jealousy for the sovereignty of our States was an emotional nationalism, and there is some truth there, but we were also concerned to keep the execution of the powers of government as close to the populace as possible. International concerns want to be administered by the United States. An assurance of equal justice and the protection of rights are also proper questions for the Union, as are provisions to prevent the States from economic chicaneries against their sisters. But all other powers were reserved to the States and their inhabitants. We adopted that plan not so much in fear for the sovereignty of our States, but because that supremacy is actually a reflection of its source which reposes in the individual citizen.

In order to safeguard all his rights, each person delegates a portion of them to his State. The Constitution provided that most of those powers should remain there and they came to be known as States' rights although their origin continues in the citizen. The nature of that source requires devices to shield them from the constant threat of encroachment by the more comprehensive federal government.

We noted with concern that the universal nature of legislatures is to legislate too much, and that unless some opposing force were supplied, the United States Congress would eventually infringe every State prerogative until the rights of the people vested in the States were consumed. We talked much of the need for Senators to preserve the sovereignty of their States because they were the best defenders of the rights the people had already lost to their States' governments. Hence, Senators were elected by the State legislature, were to answer to the State, and were to represent the interests of the State in the Congress. Amendment XVII destroyed that balance and the Senate became another House.

There is a point of possible contention in this discussion, for one might correctly ask: If States' rights are really the delegated rights of the people, then is it not clear that the people can best see to their own interests by electing their Senators directly as they do now? Ah, there is also a need to balance political principle with the realities of human nature. It would be well enough if each citizen understood that States' rights are people rights (which they do not) and if they could remember to apply the fact to

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each political decision (which they cannot). But once those rights are granted the States and new generations come and go scarcely questioning the authority exercised over them, it is natural that the people will little concern themselves with the finely decisive lines of human rights.

The men of the State Legislatures sense more keenly the problems of the State than do the public. This relative ignorance (which arises from no lack of diligence but from the effect of a different occupation) practically disqualifies the ordinary citizen from the task of choosing a Senator who can properly represent his State. The people are more likely attracted by policies which, although they seem fraught with blessings, contain the seeds of the loss of their independence.

Far wiser to treat the rights of the citizens delegated to their States as they are usually perceived and more conveniently described, as States' rights, and to place officers in such positions as to foster a natural jealousy for those rights. Because your Senators are elected by the people, their desire is to please the people, an operation belonging to the Representatives. If Senators were elected by the State's legislature, as they ought to be, their natural impulse would be to please the members of that body, and what would please them most is that the Senator learn and respond to the needs and rights of the State as a political entity. This technique allows the Senators to forget the origin of the rights they nonetheless anxiously guard, for, as deputies of the State, they feel directly that responsibility and instinctively position themselves in defense of the power they represent.

You have witnessed an increasing intrusion of the federal government upon the States, and a usurpation of those powers which properly belong to and ought to be administered by the States. You have even seen Federal *bureaus* present ultimatums to State *legislatures*. Such arrogance surely indicates a serious disease, and although you are generally aware of the malady, you have not perceived its cause. What? Do you think a Federal bureaucrat could dictate law to a State legislature if that State were correctly represented in the Congress? Can you hear the words of a true State Senator on such a topic? Would there not then be a sweet commotion in the Senate? I know you can sense the virtue of the principle!

But who is now the protector of the sovereignty of the States? Where now are those guards? Who is the advocate in the federal council for the rights the people entrusted to the States? Who car-

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ries the charge to keep the government of the United States from swallowing her own members? The States formed the Union to serve their mutual needs and cast themselves under her wings for their common defense. Now the creature has turned on her creators, the servant upon her masters; and all because the carefully set balances of the Constitution were thrown awry by the Seventeenth Amendment!

And whence your concern that the laws of one State are not the same as another? Who shall write the law for a State if not her own citizens? Anything less is tyranny.

You have nearly forgotten the vision of the United *States*. Had wisdom decreed that this land should be one state, we should have named it the Consolidated State, or a similar singular noun, but that was not our intent. And while you followed our plan you prospered, but since you put the States out of Congress they have lost their *only* defense, their powers have been usurped and centralized and you have steadily forfeited the freedom we gave you. Your experiment has verified our wisdom.

Nay, the United States were not meant to function as a single nation, except in relation to states outside her boundaries, but rather as a federalization of sovereign nations bound together in only the most essential ways and otherwise free and independent. You recoil somewhat at the concept, yet I have not come to dissolve the Union, but to restore it by returning the strength to her members. You are offended because you have lost the understanding of our work. We wanted the nations in the federation small so as to keep the exercise of the powers of government close to their only legitimate source, the people. You have come to see the States as convenient subdivisions for the administration of the central government and not at all as the protectors of your sacred rights.

Can you see what has been done? A portion of your rights were delegated to your States. The federal government, having no opposition from the States in its Congress, has nearly absorbed all those rights and now inflicts your own authority upon you and against your will. That your grievances derive almost exclusively from your federal government should teach you the truth of these principles.

Our day and our times required much careful thought and action, which, though inconvenient, were necessary to the establishment of an enduring system of human liberty. Your day and your times are too much like ours. You too must put selfishness and immediacy behind

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you. You too must listen and strive for the visions of your wise ones, and they are among you for every battle has its conqueror. The full destiny of the nation and the highest use of the Constitution have only begun to appear. Never before has the world been so dark or so hungry for the sweet fruits of freedom. But how will you hold aloft the light of liberty while the ship of state lists under the unbalanced load of a federal government unchecked by the sovereign States? And how shall you bear abroad those fruits in a ship so out of trim?

What is to be done? Restore the balance! Put the guardians of the rights of the States back in Congress! Stay the growing intrusions of the federal government! Reverse the trend and let the rights flow back to their proper place. Repeal the amendment and begin the restoration of the Constitution!

Consider the effect! With the Senate restored to its correct authority, many of the reforms you seek would begin to be effected as a natural consequence of the composition of the Senate and in a manner slow enough to insure that some other portion of the political machinery would not be thrown awry. And all that in concert with the restoration of the rights of the people vested in the several States. The principle points its own goal and pleads its own case while the rising indignation of the people provides the power for its attainment. Is it not a matter worthy of your most sober deliberation?

Next: VIII. On the Destiny of Liberty

IDEAS ON LIBERTY

Home Rule

TO BRING about government by oligarchy masquerading as democracy it is fundamentally essential that practically all authority and control be centralized in our national government, the individual sovereignty of our states must first be destroyed...

We are safe from the danger of any such departure from the principles upon which this country was founded just so long as the individual home rule of the states is scrupulously preserved and fought for whenever they seem in danger. Thus it will be seen that this home rule is a most important thing—a most vital thing if we are to continue along the course on which we have so far progressed with such unprecedented success.

FRANKLIN D. ROOSEVELT, March 2, 1930
From "An Address on State Rights" while Governor of New York.

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The *PROPER* Role of Government

EZRA TAFT BENSON

DURING this historic celebration of our nation's Bicentennial, it seems appropriate to say something about the principles, functions, and role of government which these Founding Fathers established.

I am humbly grateful to God for the blessings we all enjoy as citizens of these great United States of America. I am grateful for our Founding Fathers who were raised up with the courage to give their lives, with the unselfishness to give their fortunes, and the vision to pledge their sacred honor in order to establish a new kind of government of their own choosing where men might be free. I am additionally grateful that these Founding Fathers had the faith and humility to accept the divine inspiration so necessary in setting forth the Constitution as the foundation for their new Republic.

Men are often asked to express an opinion on a myriad of government proposals and projects. All too often, answers seem to be based not upon solid principles, but upon the popularity of the specific government program in question. Seldom are men willing to oppose a popular program—especially if they seek public office.

Such an approach to vital political questions of the day can only lead to public confusion and legislative chaos. Decisions of this nature should be based upon and measured against certain basic principles regarding the proper role of government. If principles are correct, then they can be applied to any specific

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Mr. Benson, former Secretary of Agriculture, has long been active in agricultural affairs and on behalf of The Church of Jesus Christ of Latter-Day Saints, which he now serves as President of the Council of Twelve.

This article is from an address of June 26, 1976 at a meeting of the National Association of Counties Officials.

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proposal with confidence. Unlike the political opportunist, the true statesman values principle above popularity and works to create popularity for those political principles which are wise and just. How much this country needs men with a mandate higher than the ballot box!

It is generally agreed that the most important single function of government is to secure the rights and freedoms of individual citizens. But what are those rights? And what is their source? Until these questions are answered, there is little likelihood that we can correctly determine how government can best secure them.

Origin of Rights

Let us first consider the origin of those freedoms we have come to know as human rights. Rights are either God-given as part of the divine plan, or they are granted by government as part of the political plan. Reason, necessity, tradition, and religious convictions all lead me to accept the divine origin of these rights. If we accept the premise that human rights are granted by government, then we must be willing to accept the corollary that they can be denied by government.

I support the doctrine of separation of church and state as traditionally interpreted to prohibit the establishment of an official national religion. But this does not mean that we should divorce government from any formal recognition of God. To do so strikes a potentially fatal blow at the concept of the divine origin of our rights and unlocks the door for an easy entry of future tyranny. If Americans should ever come to believe that their rights and freedoms are instituted among men by politicians and bureaucrats, then they will no longer carry the proud inheritance of their forefathers, but will grovel before their masters seeking favors and dispensations, a throwback to the feudal system of the Dark Ages.

Since God created man with certain inalienable rights and man, in turn, created government to help secure and safeguard those rights, it follows that man is superior to the creature which he created. Man is superior to government and should remain master over it, not the other way around. Even the nonbeliever can appreciate the logic of this relationship.

A government is nothing more or less than a relatively small group of citizens who have been hired, in a sense, by the rest of us to perform certain functions and discharge certain responsibilities which have been authorized. The government itself has no innate power or privilege to do anything. Its only source of authority and power is from the people who created it.

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Keep in mind that the people who have created their government can give to that government only such powers as they themselves have. They cannot give that which they do not possess.

In a primitive state, there is no doubt that each man would be justified in using force, if necessary, to defend himself against physical harm, against theft of the fruits of his labor, and against enslavement by another.

Indeed, the early pioneers found that a great deal of their time and energy was being spent defending themselves, their property, and their liberty. For man to prosper, he cannot afford to spend his time constantly guarding his family, his fields, and his property against attack and theft. When he joins together with his neighbors and hires a sheriff, government is born. The individual citizens delegate to the sheriff their unquestionable right to protect themselves. The sheriff now does for them only that which they had a right to do for themselves—nothing more.

From Whence This Claim?

But suppose pioneer "A" wants another horse for his wagon. He doesn't have the money to buy one, but since pioneer "B" has an extra horse, he decides that he is entitled to share in his neighbor's good fortune. Is he entitled to take his neighbor's horse? Obviously not! If his neighbor wishes to give it or lend it, that is another question. But so long as pioneer "B" wishes to keep his property, pioneer "A" has no just claim to it.

If "A" has no proper power to take "B's" property, can he delegate any such power to the sheriff? No. Even if everyone in the community desires that "B" give his extra horse to "A," they have no right individually or collectively to force him to do it. They cannot delegate a power they themselves do not have.

The proper function of government is limited only to those spheres of activity within which the individual citizen has the right to act. By deriving its just powers from the governed, government becomes primarily a mechanism for defense against bodily harm, theft, and involuntary servitude. It cannot claim the power to redistribute the wealth or force reluctant citizens to perform acts of charity against their will. Government is created by man. No man can delegate a power that he does not possess. The creature cannot exceed the creator.

In general terms, therefore, the proper role of government includes such defensive activities as maintaining national military and local police forces for protection against loss of life, loss of property, and loss of liberty at the hands of either foreign despots or domestic crimi-

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nals. It also includes those powers necessarily incidental to the protective function.

We should recognize that government is no plaything. It is an instrument of force; and unless our conscience is clear that we would not hesitate to put a man to death, put him in jail, or forcibly deprive him of his property for failing to obey a given law, we should oppose that law.

The Constitution of the United States, an inspired document, is a solemn agreement between the citizens of this nation that every officer of government is under a sacred duty to obey.

Local Control Preferable

The Constitution provides that the great bulk of the legitimate activities of government are to be carried out at the state or local level. This is the only way in which the principle of self-government can be made effective. The smallest or lowest level that can possibly undertake the task is the one that should do so. The smaller the governmental unit and the closer it is to the people, the easier it is to guide it, to correct it, to keep it solvent, and to keep our freedom. Remember that the people of the states of this Republic created the federal government. The federal government did not create the states.

A category of government activity that not only requires the closest scrutiny but that also poses a grave danger to our continued freedom is the activity *not* within the proper sphere of government. No one has the authority to grant such powers as welfare programs, schemes for redistributing the wealth, and activities that coerce people into acting in accordance with a prescribed code of social planning. There is one simple test. Do I as an individual have a right to use force upon my neighbor to accomplish this goal? If I do, then I may delegate that power to my government to exercise it in my behalf. If I do not have that right, I cannot delegate it.

If we permit government to manufacture its own authority, and to create self-proclaimed powers not delegated to it by the people, then the creature exceeds the creator and becomes master. Who is to say, "this far, but no farther?" What clear principle will stay the hand of government from reaching farther and farther into our daily lives? Grover Cleveland said that "though the people support the government, the government should not support the people."

An Instrument of Plunder

Once government steps over this clear line between the protective or negative role into the aggressive role of redistributing the wealth

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through taxation and providing so-called "benefits" for some of its citizens, it becomes a means for legalized plunder. It becomes a lever of unlimited power that is the sought-after prize of unscrupulous individuals and pressure groups, each seeking to control the machine to fatten his own pockets or to benefit his favorite charity, all with the other fellow's money, of course. Each class or special interest group competes with the others to throw the lever of governmental power in its favor, or at least to immunize itself against the effects of a previous thrust. Labor gets a minimum wage. Agriculture gets a price support. Some consumers demand price controls. In the end, no one is much further ahead, and everyone suffers the burdens of a gigantic bureaucracy and a loss of personal freedom. With each group out to get its share of the spoils, such governments historically have mushroomed into total welfare states. Once the process begins, once the principles of the protective function of government give way to the aggressive or redistributive function, then forces are set in motion that drive the nation toward totalitarianism.

It Can Happen Here

You say, "It can't happen here." I have just returned from Great Britain, that nation which has provided the free world with a tradition of freedom and democratic rights, stemming from the Magna Carta and coming down through other important historical documents and statements by famous Englishmen. Yet England today is losing her freedom and democracy. She has become a giant welfare state. Today government spending in Great Britain amounts to sixty per cent of her national income. This has led the renowned University of Chicago economist, Dr. Milton Friedman, to forecast: "I fear very much that within the next five years the odds are at least fifty-fifty that British freedom and democracy as we have seen it will be destroyed." Recognizing the past record of the British people for stamina and courage, I am hopeful—even confident—that they will disprove this prediction. I hope and pray they will meet the serious challenges facing them.

The lesson of New York City should tell us that this same thing can happen here—to us—*now*. New York City is no longer governed by its elected officials. It is governed by a committee of overseers appointed by the State of New York. New York City has partially lost its freedom! When will we learn the lesson that fiscal irresponsibility leads to a loss of self-government?

A recent study by the Ford Motor Company economists showed that there are more people being sup-

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ported by taxes in the United States (80,655,000) than there are people working in the private sector of the economy to pay the taxes (71,650,000).

Among those living on *your* tax dollars, according to the Ford study, were those on welfare and retirement programs, government employees, military personnel on active duty, and the disabled and unemployed. "A new American majority is being created," the study states, "who are exploiting the fact for their own political and professional purposes." Such was a major factor in the fall of Rome.

To pay for this and other beneficiaries of your tax dollar, almost one-third of the average income goes for taxes for the operation of government at one level or another. Put another way, you now work from January 1 to April 28 to pay for your federal, state, and local taxes.

Downgrading the Individual

According to Marxist doctrine, a human being is primarily an economic creature. His material well-being is all-important; his privacy and his freedom are secondary. The Soviet constitution reflects this philosophy in its emphasis on security; food, clothing, housing, medical care—the same things that might be considered in a jail. The basic concept is that the government has full responsibility for the welfare of the people and, in order to discharge that responsibility, must assume control of all their activities. It is significant that in actuality the Russian people have few of the rights supposedly "guaranteed" to them in their constitution, while the American people have them in abundance even though they are not guaranteed. The reason is that material gain and economic prosperity and security simply cannot be guaranteed by any government. They are the result and reward of hard work and industrious production. Unless the people bake one loaf of bread for each citizen, the government cannot guarantee that each will have one loaf to eat. Constitutions can be written, laws can be passed, and imperial decrees can be issued, but unless the bread is produced, it can never be distributed.

Why America Has Prospered

Why then do Americans bake more bread, manufacture more shoes, and assemble more TV sets than Russians do? They do so precisely because our government does not guarantee these things. If it did, there would be so many accompanying taxes, controls, regulations, and political manipulations that the productive genius that is America's would soon be reduced to the floundering level of waste and inefficiency now found behind the Iron Curtain.

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God has prospered this land! Though the United States has only about six per cent of the world population and seven per cent of the land area, our gross national product is about forty per cent of the world total. The principles behind this prosperity can be reduced to a rather simple formula:

1. Economic security for all is impossible without widespread abundance.

2. Abundance is impossible without industrious and efficient production.

3. Such production is impossible without energetic, willing, and eager labor.

4. This is not possible without incentive.

5. Of all forms of incentive—the freedom to attain a reward for one's labors is the most sustaining for most people. Sometimes called the profit motive, it is simply the right to plan and to earn and to enjoy the fruits of your labor.

6. This profit motive diminishes as government controls, regulations, and taxes increase to deny the fruits of success to those who produce.

7. Therefore, any attempt *through government intervention* to redistribute the material rewards of labor can only result in the eventual destruction of the productive base of society, without which real abundance and security for more than the ruling elite is quite impossible.

A Heartless Approach

This may sound heartless and insensitive to the needs of those less fortunate individuals who are found in any society, no matter how affluent. "What about the lame, the sick, and the destitute?" is an often-voiced question. Most other countries have attempted to use the power of government to meet this need. Yet in every case, the improvement has been marginal at best and has, in the long run, created more misery, more poverty, and certainly less freedom than when government first stepped in.

As Henry Grady Weaver wrote: "Most of the major ills of the world have been caused by well-meaning people who ignored the principle of individual freedom, except as applied to themselves, and who were obsessed with fanatical zeal to improve the lot of mankind-in-the-mass through some pet formula of their own... The harm done by ordinary criminals, murderers, gangsters, and thieves is negligible in comparison with the agony inflicted upon human beings by the professional 'do-gooders,' who attempt to set themselves up as gods on earth and who would

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ruthlessly force their views on all others—with the abiding assurance that the end justifies the means." (*The Mainspring of Human Progress.*)

America was built on the principles of self-reliance, the profit motive, individual action, and voluntary charity. It was built by those who believed that the surest helping hand was at the end of their own sleeves. These forefathers of ours shared one thing in common—an unshakable faith in God and a faith in themselves.

It was heartening for me to see recently a testimony of the principles of faith in God and individual initiative in action. As you know, the eastern sector of Idaho was devastated by the Teton Dam flood. Immediately, government relief agencies were dispatched to the area. Government officials, veterans to the scenes of national disasters, were amazed at the reactions of these people to this seeming tragedy. Though victims of property loss, they are not victims of despair, despondency, and defeat. They collectively met in their Church meetings and thanked God for their lives, then they organized themselves and rolled up their sleeves and went to work. Even though welfare assistance and government food stamps were made available, these victims, by and large, chose the route of self-reliance. Because of this, they will emerge from this catastrophe stronger and more faithful.

I have great faith in America and its people. This is a choice land. If we live and work so as to enjoy the approval of a Divine Providence, we will endure as a nation. Without God's help, we cannot long endure.

Today we face a crisis situation in our beloved Republic. There is first of all a spiritual crisis among our people. In our quest for material things, we have forgotten God. There is a crisis for competent, honest, and moral leadership in government at all levels. There is an economic and political crisis, where our basic freedoms stand in jeopardy because of a departure from fundamental principles. We must return to these basic principles if our free Republic is to survive.

Yes, in the words of Thomas Paine, "These are the times that try men's souls. The summer soldier and the sunshine patriot will in this crisis, shrink from the service of his country, but he that stands it *now*, deserves the love and thanks of man and woman." That was said on December 23, 1776. Now, 200 years later, Paine's words are even more apropos to our situation.

The days ahead are sobering and challenging and will require the faith, prayers, loyalty, courage, and moral integrity of every American citizen.

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The following was a talk delivered October 3, 1943, by C. F. Kettering, then Vice President of General Motors and Directing Head of its Research Laboratories, on General Motors "Symphony of the Air" program.

The Birth of an Idea

CHARLES F. KETTERING

THIS AFTERNOON, in every part of the country, people are listening to this great orchestra. Radio can carry this music to any place in the world.

How long has it taken man to do this? The records show we have been developing the elements of radio for about a hundred years. But, if we made a more careful study, we would find the thing really started in the year 600 B.C.—more than 2,500 years ago.

It really started as a *thought*—a very weak, vague idea. In the year 600 B.C., a Greek philosopher, Thales of Miletus, found that by rubbing amber he produced a force that would pick up straws. Two thousand two hundred years later, Sir William Gilbert, Queen Elizabeth's physician, did a little more thinking and experimenting with the idea and called the phenomenon *electricity.* Sixty years later, von Guericke, a German, built a machine to generate static electricity. One hundred years later, Benjamin Franklin identified positive and negative electricity and proved lightning and electricity were the same thing. In 1820, Oersted, a Dane, proved that electricity would produce magnetism. And about the same time, Faraday did some experimenting and discovered the principles of the electric motor.

Now, here is what happened. After Faraday, came Morse and Bell, who used the idea as a means of communication—the telegraph

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and the telephone. Edison made the idea glow and lit up the world. Marconi and deForest went Morse and Bell one better and laid the foundation for radio.

But here is the point—for over 2,500 years, that electrical thought had been growing. It had been carefully cultivated and expanded by a few straight-thinking men—a Greek, an Englishman, a German, a Dane, an American and an Italian. Often these men were working at the same time, unknown to each other. And this small, apparently unimportant idea in the year 600 B.C. has grown until it has literally changed the face of the earth and the habits of its people.

Here is an interesting thing about intangible ideas like this one. Once they occur, they are indestructible. Wars, plagues and persecutions may drive them out of sight for a while but they always spring back again—perhaps in another man's brain, perhaps in some other part of the world, to be cultivated and enlarged. And I cannot feel but sometime there will be another mentality similar to Schubert's that will catch the same theme that he had, and write the finishing part of that great symphony.

There have been only a few thousand of these thought cultivators in the history of the world. It has been said that except for about 1,500 of these thinkers living in the last 3,000 years, we might still be living in caves.

Now, somebody might say that if these people are as rare as all that there isn't much that can be done about it. We'll just have to wait until one happens to come along. But that isn't true. We can develop thinkers just as we can educate people in other lines. If no one practiced playing the violin, there wouldn't be any great violinists. Through practice, we can develop this ability to think.

Along with these original thinkers, we have millions who are afflicted with *mental laziness*—those who are *satisfied*. They are the *easy* thinkers. When a new thought is given them, they find it much easier to agree than to question it. And that is dangerous, especially if the idea is a *bad* one.

We are fighting the world's greatest war because millions of people were sold one of these *bad* ideas. But I am still in hope that we can some day put as much energy into the development of *good, constructive* ideas as we are now putting into the fighting of a bad one.

And speaking of *good, constructive* ideas, we might still go back to 600 B.C. and find out why the amber picked up the straws. We don't know that yet. If we did, I believe we could open up new fields that might be quite as important as the electric light, the telephone or the radio.

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IS OUR ECONOMIC FUTURE LIMITED?

WARREN T. BROOKES

An economic Armageddon has been regularly predicted as imminent for centuries. Despite an almost continuous seeming decline in our material resources, it has not come because there is no limit to the greatest wealth-producing and energy-abundant asset of mankind—know-how.

ONE of the more persistent arguments of our time is the doomsday prophecy that America's economic future is limited and that, in Governor Jerry Brown's words, "We must lower our expectations."

The basic premise of this scenario is that America became rich in the first place because of our rich material resources, particularly *oil;* and, now that our oil seems to be running out, it is time for Americans to begin scaling down their economic growth.

More than a call for conservation, this new economic "doomsdaying" tells us that we must begin to "rethink our whole lifestyle," and to damp down the fires of our high-powered economy—to accept a more ascetic way of life. A fundamental part of this argument is strong pressure for more central government planning and control over our economic resources and decisions and new "bureaucratic structures" to help us "rethink our lifestyles."

These ideas were well summed up in a recent special section dealing with the Energy Crisis prepared by the editors of *The Christian Science Monitor.* (June 28, 1976)

In their words, "The United States' dominant position in the world today is largely due to the historical fact that the potential of oil as a cheap energy source was realized during the nation's industrially formative years and the country has been blessed with large domestic reserves."

With these reserves now seeming

Mr. Brookes writes regularly for the *Boston Herald American* and contributes a column, "A Taxpayer Speaks," to the *Boston Sunday Herald Advertiser.*
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to decline, the *Monitor* goes on to purport that, "Americans, as a people, rethink many of their national and personal priorities. It is clear that the consumptive lifestyle which has developed in the U.S. in the last quarter century cannot continue indefinitely."

In short, we are told that Americans must begin to scale down their standard of material livelihood—and hold down our economic growth—because our material resources are "limited."

With all due respect to the editors of the *Monitor,* it is difficult to accept what has become "the politics of poverty" and the "economics of limitation." Not only do such concepts grate sharply with America's basic mental posture as the land of unlimited individual opportunity, but they do not square with historical or economic reality.

If, for example, America's position of economic power and vast distribution of wealth were solely the result of our "vast material resources," how can we explain the extraordinary economic backwardness of Russia, sitting on even more natural resources than ours?

Why The Unused Resources?

Why is it, for example, that Russia, with greater agricultural potential even than ours, must now import *our* wheat? Why is it that Brazil, with some of the richest natural resources in the world, has a standard of living only one-eighth of ours? If our natural resources really were the primary source of our wealth, why is it that native American Indians lived in such abject poverty, frequently in hunger and starvation, sitting on plains that now feed the world? And, why did some early farmers in our great plains grow rich, while their neighbors with the same land fail?

The answer is, of course, wealth is only partly dependent on material resources. It is much more dependent on the knowledge and ideas that put those material resources to work. In this respect, the greatest source of our energy is not oil but *ideas,* not the ground, but the *mind.*

Certainly the *oil,* which we now regard as so precious, was utterly worthless to the American Indians who did not even know it was there—and only a little more valuable to the white men who first discovered it, but had few uses for it.

What gave oil its value was the creative genius and resulting technology of those who found ways to use it, to make it serve us, to increase our freedom, our mobility, our standard of living, and our economic comfort and well-being.

Similarly, uranium was utterly unknown and therefore worthless until Einstein, working alone, and removed from material considerations or economic necessity, com-

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prehended the nature of the material universe, and thus released us from bondage to old and limited ideas of energy. We can, of course, only imagine what new, untapped resources are still waiting to be discovered and developed.

The Creative Imagination

Clearly, the primary reason for America's great wealth today is not its physical assets, but the political, economic, and spiritual freedom which released the greatest source of wealth and energy of all—the individual mind, the creative imagination and the ability to comprehend and to master the material universe around us.

Or, as the great scientist-philosopher, R. Buckminster Fuller, says, "Wealth is the product of the progressive mastery of matter by mind." He further refines this definition by telling us that "Wealth is our organized ability to cope effectively with the environment." (*Operating Manual for Spaceship Earth,* Pocket Books, 1970)

In short, Fuller rejects the notion that wealth is primarily the result of material resources, and says that it is due primarily to our "metaphysical ability" to cope with these resources. He says, in effect, that the greatest source of energy is *mind,* not matter.

Fuller's fundamental thesis is that both the capitalist and socialist ideologies are wrong because they continue to approach the material world from the standpoint of limitation—of "not enough to go around," of thinking that matter itself is wealth, that material energy is the only energy. The result of this, he says, is that the world has too long been dominated by the "pirate mentality," the race for control by nations and enterprises over specific and seemingly finite material resources—a constant "Malthusian-Darwin-you-or-me-to-the-death struggle," all on the assumption that some kind of "economic Armageddon" was just always around the corner.

The fact is, Fuller says, this "Armageddon" or doomsday, which has regularly been predicted as "imminent" for centuries, has not come because *it does not have to.* Why? Because there is no limit to the greatest wealth-producing and energy-abundant asset of mankind—"know-how," or what Fuller calls the "metaphysical component" of wealth. This, according to Fuller, explains why, in this century alone, "we have gone from less than one percent of humanity being able to survive in any important kind of health and comfort to 44 percent of humanity surviving at a standard of living unexperienced or undreamed of before."

What makes this "utterly

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unpredicted success" so meaningful to Professor Fuller is that it happened "without being consciously and specifically attempted by any government or business." More important, it happened despite an almost continuous seeming decline in our material resources. The reason for this, Fuller says, is that the discoveries of Einstein and subsequent physical scientists have released us from the primitive idea that our "universe is running down," or that our energy "is running out."

Indeed, Fuller says, the result of the work of Einstein and those who have followed him is to prove that "energy can neither be exhausted, nor originated. Energy is finite and *infinitely* conserved." To the layman, it means that even as we *seem* to use up one form of energy, it is turning into another. The only thing limiting our ability to find or develop the energy we need is our technological competence. In other words, while material energy is always conserved, mental energy is unlimited, and as yet largely untapped!

The Metaphysical Part of Wealth Has to Grow

The significance of this is that while the physical or energy part of our wealth can never be depleted, the metaphysical or "know-how" part of our wealth can only *increase.* Thus, our wealth *has* to grow. Even when we make mistakes we learn more, and the more we learn, the more we understand, and the wealthier we get! The reason for this, Fuller says, is that we are always being taught by the metaphysical process how to *do more* with less.

This process, which Fuller calls "synergy," is nothing more than a restatement of the old postulate that "the whole is greater than the sum of its parts," that a *whole idea* is more valuable and powerful than its individual components. Man is obviously more than $2.70 worth of chemicals. A computer is clearly more than a few hundred pounds of metal, plastic and wire. A car is more than 4000 pounds of metal, rubber, and plastic.

Synergy, in sum, is the description of the process by which *ideas* transform otherwise useless matter into valuable products, or services. The wealth is produced, not by the matter but by the *ideas* that transform it. The extension of what Fuller calls this "synergistic process" is that as the idea of any product becomes better understood, *the less matter is needed,* and the more real wealth or value is created.

Thus, today a small desk-sized computer can do more than it took a whole room full of wire, metal and parts to accomplish 30 years ago.

A tiny, three-ounce hand calculator can do more than a 60-pound

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desk-machine did 30 years ago, and with much less energy.

Thirty years ago, in its infancy, television was a tiny screen in a huge box. Today it is a large screen with a much smaller box of longer lasting parts.

Forty years ago, the average radio was a big three-foot box with a separate speaker and a small sound. Today it is a three-inch rectangular cube, held in the palm of your hand with enough volume to make dogs scream in terror, and using much less energy.

Twenty-five years ago, it took 15 pounds of feed and 14 weeks to raise a three-pound frying chicken. Today it takes five pounds of feed and seven weeks to raise the same bird for market.

Examples like these are endless. The inevitable evolutionary trend of most material invention is to start out using a lot of matter to create a product—and gradually, as the idea and the technology get refined—that is, as the "metaphysical know-how grows," that we use less matter, and get a bigger, better result—we do more with less.

The promise of synergy is that as we increase our "metaphysical capital," our know-how, our understanding of the world around us, our economic wealth can only grow, it can never decline. Or, as Fuller puts it, "The physical constituent of our wealth—energy—*cannot decrease,* and the metaphysical constituent—know-how—can only increase. This is to say that every time we use our wealth it increases." Every time we get a better idea of anything our economy and wealth grow. The plain fact is we have not yet begun to tap the enormous potential of the mind, and therefore have not yet probed the greatest source of energy and wealth.

Tying Material Resources in Bureaucratic Red Tape

The danger Fuller sees is that we will fall back into the trap of "pirate politics," and begin to restrict our economic progress by hoarding our material resources, tying them up in bureaucratic structure and red-tape, and by limiting our greatest wealth-producing asset—our individual mental capacities—through the "heavy hand" of bureaucracy, limitation, and human accounting. Fuller warns, "Because our wealth is continually multiplying in vast degree unbeknownst and unacknowledged formally by human society, our economic accounting systems are still unrealistically identifying wealth as matter. . . ."

Such an approach not only leads to hoarding and to impoverishment, but it also leads to the establishment of the very bureaucratic structures, controls and regulations that will stifle the economic and tech-

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nological progress of which we are truly capable.

It seems clear that a nation which can put a man on the moon can, through the same "metaphysical process," the same devotion to the mastery of material limitations, break down the presently assumed limitations on our material energy resources—either by discovering whole new reserves of current fuels, or breaking ground into entirely new sources of energy not even now understood, or both.

The only impediment to our doing this is a fearful or limited concept about the real source of our wealth, a lack of faith in our ability as free men and institutions to find what we need. Fuller reminds us that every time mankind has been threatened by a real immediate need, we have been able, through the "metaphysical process" to meet that need, usually in ways wholly unpredictable.

One of the best examples of this was in World War II, when Japan cut America completely off from raw rubber. A Massachusetts man, Bradley Dewey, Sr., formed a team of private researchers and, within two years, came up with synthetic rubber, completely obviating the need for natural rubber resources.

In more recent times, the decline in uranium prompted the development of the "breeder-reactor" which produces new fuel faster than it uses up old! Many scientists now predict that it will become one of the main sources of electric power in the future.

Recently, we have learned that vast new undiscovered oil fields exist in Mexico—potentially larger than anything yet discovered in any country except Saudi Arabia. And most experts agree that the reserves under the Continental Shelf are too large to be estimated accurately.

In Detroit, a former General Motors executive has developed an engine that can turn water into combustible fuel, and in California, work on fuel cells promises whole new areas of energy development as yet untapped. No one yet knows the full potential of solar energy, or of geothermal energy, or even of nuclear fission, since all these fields are still relatively early in their development.

Our Untapped Potential

The point is, our economic future is not tied to the physical assets we *now* know about—but to the vast *untapped* potential of creative thinking—of the "metaphysical process" which will not only show us whole new reserves and new potential fuels, but will also show us how to extend their value—to do even more, with even less—to increase our wealth without depleting our planet.

There is, however, a serious poten-

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tial roadblock to the unfoldment of this creative "metaphysical" process. Throughout history, the enemy of creative ideas has always been organized *bureaucratic structure*—the committee that designs a camel instead of a horse, the red-tape and organizational charts that keep ideas from coming to fruition, the government agency that throttles small business, or new product development.

This explains why free nations like the U.S. have grown rich, while totalitarian nations like Russia with equally great physical resources have stayed relatively poor. The free society turns loose its metaphysical energies—the totalitarian societies throttle theirs.

Today, unfortunately, the devastating combination of big government, big labor, and big business is beginning to inhibit our own nation's metaphysical energies and creative resources. Structure is now beginning to "swallow up" ideas. Individual potential is being throttled by collective processes.

This is why so many large corporations have discovered that to remain vital and growing, they have had to *decentralize,* or to merge with the small companies where creative thinking still goes on. In short, they have had to turn more and more to small groups of individuals to regenerate their entrepreneurial drive and spirit, remembering that every big corporation was once small and grew big only because of the breadth and energy of the thinking of individuals.

Growth in Massachusetts

Nowhere is this more evident than in Massachusetts, which is full of companies, big and small, that have arisen from the fertile imagination, energy, and technical skills of individuals.

In Cambridge, Polaroid now employs over 12,000 people, largely because of the creative genius of one man, Edwin Land, whose inventions have brought economic progress and jobs to our state, and satisfying products to hundreds of millions of people around the world. He has done this by transforming relatively low-cost metal, paper, chemicals and plastics into tremendously valuable and useful photographic products, through the genius of his *ideas.* That economic potential of Polaroid is not limited by material resources. It is limited only by the breadth of Land's vision and the technological genius of those who run his company and develop its products.

So, too, Digital Equipment Corporation, another of Massachusetts' largest employers, has grown to its present size because its founders learned how to turn metal, wire, plastics, and glass into complex and valuable computers, whose

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$100,000-plus price tags have very little to do with their raw physical content but have everything to do with their "metaphysical quotient," that is, the ideas that made them possible.

So it is with so many of this state's and the nation's "growth industries" which depend more and more on sophisticated technology, and less and less on raw physical resources.

Clearly, our wealth in the future, even more than in the past, will come from individuals, not from the ground; from the untapped potential of thinking, not from the obvious reservoirs of present fuels; from mental energy not physical.

In this respect, the current situation in Massachusetts is instructive. In spite of our present problems, it is well to remember that this is still one of the wealthiest per capita states in the nation. It is wealthy not because of our physical resources, but in spite of our apparent lack of them. It is wealthy because the state is, still, unusually blessed with a large "metaphysical base" of creative, inventive, technologically-advanced thinkers and vast "metaphysical assets," such as universities and research institutions.

Unfortunately, we are busy paralyzing this economic potential today because the heavy and expensive hand of government taxation and bureaucratic red-tape is driving out the very individuals who can give us real economic progress. This is particularly true of the dynamic small companies which have the potential to be great tomorrow. And, yet, like the nation, we complain that our economic picture is deteriorating because of a lack of physical resources; our future is limited "because we don't have enough oil."

In this respect, we are a little like the small chick inside the egg, bleating because its food has run out, but afraid to break out of the shell of limited thinking into a new and seemingly dangerous world where we live by our mental resources rather than immediate physical assets.

As Professor Fuller puts it, "My own picture of humanity today finds us just about to step out from amongst the pieces of our just-seconds-ago broken eggshell. Our innocent trial and error, sustaining nutriment is exhausted. We are faced with an entirely new relationship to the universe.

"We are going to have to spread our wings of intellect and fly, or perish; that is, we must dare immediately to fly by the generalized principle governing the universe, and not by the ground rules of yesterday's superstitious and erroneously conditioned reflexes."

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Massachusetts, today, is in a unique position to throw off our "superstitious and erroneously conditioned reflexes," to show the rest of the nation that our economic progress is not limited by yesterday's lost resources, but is as large as tomorrow's vision. We have an abundance of the most vital energy resource known to mankind—the metaphysical capital of enlightened thinkers. They are involved in the exploration of yet undiscovered technologies and resources for the nation's future, in all fields from solar energy to the laser beam, from cybernetics to synthetics.

The nation and the world desperately need these "metaphysical resources" and will pay for them handsomely.

The problem is: will our politicians and their overweening government drive them away to friendlier regions? Or, will they "tie them up" in some impossible new bureaucratic structures under the meaningless label of "Economic Development Agencies"?

The same questions can be asked of the national government, as well. Should we, as the *Monitor's* editors propose, organize new government agencies from the standpoint of limitation, and, in the process, freeze the metaphysical potential of our free society? Or, will we have faith in free individuals and free institutions to bring us the resources we need for our future?

We would do well to remember that, throughout history, mankind has worried about some form of limitation, some lack of material resource. Primitive tribes and people perished not because there were no resources, but because there was not enough know-how and too much fear and superstition. Remembering this, we should refuse to be taken in by the "politics of limitation and despair" and refuse to adopt the kind of bureaucratic enterprises and governmental structures that will only limit us more.

We can not possibly now know where our energy for the next century may come from—any more than Malthusian thinkers of the 19th century knew how we could possibly feed the billions of people we now do feed. But, we do know that, so long as there is the *freedom* for individuals to develop the "metaphysical" know-how of mankind, our wealth can only increase, and our economy can only grow.

The only way this economic progress can ever be stopped is by destroying freedom—and by throttling the "metaphysical process" in the mire of well-meaning bureaucratic planners and politicians who are still dealing in the "pirate theories" of "not enough to go around."

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The Demand for Instant UTOPIA

HENRY HAZLITT

THE OTHER DAY I received a letter from a correspondent previously unknown to me, which began by saying how much he had learned from and agreed with some of my books. But then he went on to say that a large number of questions were bothering him that my books had failed to answer. There followed a long list.

The writer declared that he rejected socialism, and implied that he admired free enterprise. But all of his ostensible questions revealed that he had in fact accepted most of the socialist criticisms of the free enterprise system.

The noted author of *Economics in One Lesson* here applies that lesson to some of the fallacies of socialism.

I answered his letter politely and briefly. But it was so typical of many I receive, and so typical of much thinking and writing in the daily press, that I felt tempted to expand my answer and make it more explicit, even at the cost of being a little less polite.

If I had done this, my answer would have run somewhat as follows:

Dear Sir: I very much appreciate your kind remarks about some of my books and articles, and your expressed agreement with them, but I am surprised by how easily influenced you seem to be by so many of the current anti-capitalist criticisms. Most of these are carping or groundless, but they are

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endlessly repeated. Let's take up some of your objections in the order in which you state them:

• 1. You charge that in large areas competition has in fact disappeared, and you give a number of supposed illustrations. Now competition has never been, is not now, and will never be "perfect." Economists cannot even agree with each other regarding what "perfect competition" would be like if it existed. The most frequent outcome of really vigorous competition, for example, is for the winners to put the losers out of business. You complain that there are now only four automobile companies in America. Actually, in the comparatively short history of the motor industry there have been scores of companies and makes—remember the Haynes, Duryea, Pierce-Arrow, Packard, Peerless, Hudson, Stutz, Studebaker, Nash, Willys, Maxwell, Essex, Edsel?—that lost out in the quality, price, or sales competition. Only two companies, if they really compete with each other, can provide sufficiently effective competition. In politics, most people even prefer only a two-party competition.

• 2. You complain about the inability of the consumer to assess the quality of many a commodity or service. Again, let me point out that consumers never have been, and never will be, perfectly able to assess the quality of a given commodity or service until after they have bought and used it. Even after that they may only know how good or bad the particular example is that they bought or used.

• 3. You talk of the inability of the consumer to obtain the goods or services he may want. Of course not every consumer will be able to obtain at all times the exact product or service he may want, but under even our present "impure" private competitive system he obtains far more of what he wants than he can, or ever could, under a socialist system. The American consumer, in fact, has a greater range of choice than he or anyone else has ever previously obtained in history. One has only to think of today's average supermarket.

• 4. You talk of "the recent rediscovery of limitations in resources such as energy, raw materials, food, etc." There have always been and will always be such limitations. If there were no shortages, nobody would be able to sell anything at a price. Everything would be free as air and water are today. (What we pay for in water is chiefly the cost of bringing it from somewhere else into the home. Air, too, can have a price when it has to be purified or brought under pressure

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into a mine.) The greater the shortage of anything, the higher its price. Increasing population, of course, tends to increase relative shortages. But increasing competition, new capital investment, and technological advance, still work to relieve shortages and to reduce the real cost of hundreds of commodities.

● 5. You talk about "planned obsolescence" as if it were an established fact. It is mainly if not entirely a myth. If one automobile company planned a car that would break down in a few years, it would soon find itself out of business. If the Big Four American motor companies secretly agreed to make cars that fell apart in a given time, consumer dissatisfaction and foreign competition would soon put all four of them out of business.

What is called "planned obsolescence" by anti-capitalist critics is something radically different. It is in fact vigorous competition, constantly introducing real improvements, that makes a consumer dissatisfied with his old car and more eager to buy a new one. The Ford Company kept building the Model-T for many years to avoid precisely what you call "planned obsolescence"; but competition forced it to change its ways. A socialist government would have continued endlessly to turn out Model-T's—after the private industry it had taken over had developed them. It is odd how the anti-capitalists talk of free enterprise's greatest virtues as if they were great evils.

● 6. Competition leads industry to do exactly the opposite of what its critics charge it with doing. Over the years the tire industry has made continuous improvements in its product. Tires now last for incredibly more miles than they once did. Again and again firms in the industry have feared that this increased mileage would not only reduce sales but drive them out of business. But the individual tire manufacturer had no choice. Competition forced him to keep improving and improving. It is only a government-owned, socialized industry that could afford to keep its tires constantly unimproved. It is no coincidence that the industry that has improved least in this country in the last half century is the postal service. Whatever improvement it has had has consisted in making use of the inventions of private industry.

● 7. You attach to your letter a list of seventeen "innovations which are all possible with present technology—but have not been made." Let me point out that we do not have to wait for the existing big companies to make any of them. Anybody with moderate capital is free

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to start making them if there really would be a sufficient demand for them, and if they could be made and sold at a cost that yielded a profit.

● 8. You express fears about the future world population. You say that if it continued to increase at the present rate, "the average population density over all land areas of the world, including Antarctica, would in the year 2350—only 375 years hence—be the same as that of Manhattan during a working day now." Without checking on that or other calculations you make, let me point out that the situation you envisage is simply impossible. Thomas Malthus noticed nearly 200 years ago that there had been a tendency of population to increase faster than the means of subsistence. But this would tend to bring a near-starvation that would in time bring the population growth to a halt. Modern society is increasingly aware of this, and increasingly taking steps to keep the population down to avoid such a consequence. Contraception is more and more widely practiced. A recent story in *The New York Times* states that fewer people in Germany are having children, and that the birth rate there has already fallen even below the death rate.

* * *

Nearly all the criticisms of free enterprise in your letter are very fashionable at the present moment. As they are answered, new criticisms will be made. Partly this is the result of a healthy human desire for constant betterment, for a constant approach toward perfection. But partly, also, it is the result of chronic socialist thinking which overlooks the enormous progress that capitalism has already made possible, and demands that everybody else produce an instant Utopia framed in accordance with the critics' own dream world.

Herbert Spencer

IDEAS ON LIBERTY

THE MORE NUMEROUS public instrumentalities become, the more is there generated in citizens the notion that everything is to be done for them, and nothing by them. Every generation is made less familiar with the attainment of desired ends by individual actions or private agencies; until, eventually, governmental agencies come to be thought of as the only available agencies.

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Ideologies and the World Struggle

LEE G. MADLAND

OUR WORLD, few would deny, is in the throes of a major political crisis, a result of a clash of basic and opposing political-economic ideologies. To denote these ideologies and systems in ordinary speech we casually throw around standard political and economic terms such as capitalism, socialism, communism, fascism, "left," and "right" with all the self-assurance and confidence of one to whom the meanings of the words he uses are elementary and obvious.

In any event, these terms bring an immediate picture to the minds of most of us, followed by a definite mental reaction based on that image. For example, we think of socialism and communism as "leftist" systems or philosophies, while capitalism and fascism are commonly characterized as "rightist." Some influential writers and opinion makers go so far as to imply that fascism (including Naziism) is simply an extreme form of capitalism, or at least an outgrowth of it. Avowed socialists and communists, of course, find this view very congenial to their beliefs and do everything they can to encourage it, if indeed they did not originate it.

As a result, the very word "capitalism" has acquired a sort of vague disrepute in America and the other countries of the West—countries which, it is generally acknowl-

Dr. Madland, currently "between jobs" as professor of geography, finds time to free lance on matters of political economy which long have intrigued him.

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edged, owe much of their progress and prosperity since before the Industrial Revolution to the ascendancy of capitalism, with its emphasis on the autonomy and worth of the individual human being. In any case, capitalism is today a word almost unused in polite society except in a derisive sense, to the point that even most defenders of Western values hesitate to use it in describing their ideals of free enterprise and freedom of thought.

Capitalism as a system is thus commonly thought of as decadent or at least passe, and the idea is prevalent that the alternatives to it lie in one of two presumably different directions: either fascism on the so-called "right," or socialism or communism on the "left." It is clear that of these alternatives socialism-communism has gained the upper hand today, with the horrors of Hitler's Naziism still relatively fresh in people's minds (although those who favor communism conveniently ignore the at least equal horrors committed in *its* name). And anyway, fascism was defeated in World War II, wasn't it?

Are Fascism and Communism at Opposite Poles?

How valid are these popular ideas? Do communism and fascism really represent opposite poles, with socialism being either an intermediate stage on the road to communism or a less extreme product of leftist thinking which can be stopped short of communism and thus avoid its excesses? Certainly this is the impression unmistakably given by most segments of the American mass media, and such ideas are prevalent abroad as well. And where does capitalism fit in? Or, more concretely, where do *we* in America and other Western countries fit into the world political spectrum, and, even more important, in which direction are we heading?

In answering these questions, let us take the currently unusual step of defining our terms, using the most concise and to-the-point dictionary definitions available. This basic approach is warranted by the fact that these terms have been so consistently misused by well-meaning people unaware of their true implications. Also, a little reflection on them should make it clear to any thinking person on which side of the spectrum each of these political-economic systems lies, and thus help put them into a true perspective. It should then be clear that the issue being discussed here is far more than a matter of semantics or a debate over words, but a basic question involving the very lives of people and nations—the answer to which the future and even survival of Western civilization, and for that matter all civilization, may depend.

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With this in mind let us first define capitalism along with a less-used but equally significant contrasting term, statism.

> **capitalism:** An economic system characterized by private or corporate ownership of capital goods, by investments that are determined by private decision rather than by state control, and by prices, production, and the distribution of goods that are determined mainly by competition in a free market.[1]

> **statism:** Concentration of economic controls and planning in the hands of a highly centralized government.[1]
>
> The principle or policy of concentrating extensive economic, political, and related controls in the state at the cost of individual liberty.[2]

Note that the above two terms are direct opposites. Capitalism, with its reliance on private decision unguided by government decrees, and statism, with it reliance on government authority in all spheres, are in the long run totally incompatible with each other. While statism as a term is not so widely used as the other terms being discussed here, it is nevertheless probably the best word available to describe the political-economic pole opposite capitalism, and ultimately the only alternative to it. Capitalism, with its emphasis on individual liberty, rests on a philosophic base of individualism—while statism, with its denial of individual rights and its vesting of effective control in a collective entity, the state, rests on a philosophic base of collectivism. Thus, insofar as the political terms "right" and "left" have any concrete meaning, capitalism represents the political right; statism the political left.

Let us now turn our attention to the three "ism's" most discussed today, all of which have gained control of major nations in recent times, and at least two of which are continuing to extend their area of overt control.

> **socialism:** Theory or system of social organization by which the means of production and distribution are owned collectively and controlled through the government.[3]

> **communism:** A system by which the means of production and distribution are owned and managed by the government, and the goods produced are shared by all citizens.[3]

[1] *Webster's New Collegiate Dictionary*, 1974.
[2] *The Random House Dictionary* (unabridged), 1973.
[3] *Thorndike-Barnhart Comprehensive Desk Dictionary*, 1967.

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> **fascism:** Any system of government in which property is privately owned, but all industry and business is regulated by a strong national government.[3]

Note the close similarity in the meanings of the above three terms. All of these systems rely on government force to accomplish their ends, and deny individual rights whenever they conflict with those ends as determined by the collective—that is, by the state. Thus, *all three are simply forms of statism,* and politically represent the far left. One should not be misled by the nominal private "ownership" allowed by fascism, since ownership without control is a sham, a contradiction in terms. (That many people *have* been so misled, however, is shown by the common but unthinking designation of fascism as "rightist.") Fascism and communism, far from being opposites, are both direct outgrowths of socialist thought and socialist doctrine. They not only share the same collectivist roots but amount to the same thing in actual practice. It is no coincidence that Hitler's program for Germany was officially known as National *Socialism,* the Nazi party platform being clearly socialist in both form and content.

Yes, it is true that fascists, socialists, and communists have often been bitter enemies, even to the point of bloodshed and warfare between them. But the special hatred they reserve for each other, sometimes superficially interrupted by temporary alliances, more resembles the rivalry of greedy brothers fighting over a large inheritance than that of parties disagreeing over basic principles. They share the same basic principle: the collectivist notion that the preferences of the mass, exercising control through the state, supersede the rights of the individual. In practice, this leads to only one thing: totalitarian dictatorship, exercised by the individual or small group most adept at manipulating crowd passions and not hesitating to use force against any who refuse to cooperate.

A Deliberate Deception

Statists of all denominations have spread the falsehood that the only alternative to fascism lies in the "opposite" direction represented by socialism-communism, in an attempt to steer public opinion in their direction through fear and hatred of the other. In this they have to a considerable degree succeeded. And since fascism, at least, is no longer fashionable in today's world, the main beneficiaries of this notion have been the socialists and communists who have managed to bring huge segments of the Western public around to this view, including

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many political scientists and economists who should know better. Thus a deliberately fostered misapprehension of words has, through reaction, helped tilt the scales toward a particular style of collectivism which, no less than the style reacted against, stands opposed to the most fundamental human values of Western civilization.

Between socialism and communism, it is clearly the more militant communism which is making greater gains today, more through force than persuasion—but the point here is that in the end it makes little difference which of the collectivist creeds may come out on top. If any of them do, the loser will be human freedom and human dignity, the right of an individual to live his own life in peace without fear of suppression of his abilities and desires and the regulation of his actions by an all-powerful state. In the words of former British Labourite Ivor Thomas: "From the point of view of fundamental human liberties there is little to choose between communism, socialism, and national socialism. They are all examples of the collectivist or totalitarian state.... In its essentials not only is completed socialism the same as communism but it hardly differs from fascism."[4]

[4] Quoted by F. A. Hayek in the foreword to the American edition of his classic, *The Road to Serfdom.*

Almost forgotten in the melee of leftist ideologies is the fact that the real alternative, the true opposite of them all, the political-economic system in which the individual is sovereign and the role of government is specifically limited to the protection of its citizens from fraud, force and violence, which gives free scope to the common sense of the people and provides a climate of liberty and incentive for constructive social change, is capitalism.

Under any true capitalistic system the watchword is liberty, and man—individual man—is given his rightful place at the center of his universe, rather than being an indistinguishable speck in a uniform and controlled crowd. In a system based on individual liberty the main task of government is to insure that it remain so, guarding against state intervention into economic affairs in the knowledge that the worst type of economic power is state power, and that the most dangerous and uncontrollable form of monopoly is state monopoly!

While the key nation in the Western world, the United States, still describes itself as a nation of "free enterprise," in reality the American system today is a mixture of elements of freedom and statist controls, the latter having been introduced with increasing frequency in recent decades. It is a volatile mixture of elements fundamentally

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incompatible with each other, which sooner or later must result in the victory of one side or the other. The currently popular political term "middle of the road" in this sense describes a state of continual internal warfare, ideological turmoil, and intellectual confusion. The same kind of mixture, in varying degrees, is present in all Western countries, which largely explains the West's lack of moral courage to vigorously oppose the spread of communism.

America today is at the center of the struggle between capitalism and statism, and in her present mixed economy the statist ingredients are becoming more and more conspicuous. The important question is not whether this statist trend happens to be more particularly towards socialism, communism or fascism (though elements of each are present), or towards another collectivist "ism" yet to be named—since they all lead to the same end. The vital question is whether we shall continue in the direction we have been traveling which leads to tyranny and slavery, or turn around and move in the opposite direction which leads to freedom and dignity.

One thing is sure: we cannot stand still, as defenders of the status quo would have us believe. Let us, pausing only long enough to regain our bearings, choose the way of freedom while we still have the choice, and resolutely proceed in that direction with a clear view of the road ahead.

IDEAS ON LIBERTY

A Fundamental Antagonism

IS IT A FACT of no significance that robbing the government is everywhere regarded as a crime of less magnitude than robbing an individual, or even a corporation? ... What lies behind all this, I believe, is a deep sense of the fundamental antagonism between the government and the people it governs. It is apprehended, not as a committee of citizens chosen to carry on the communal business of the whole population, but as a separate and autonomous corporation, mainly devoted to exploiting the population for the benefit of its own members ... When a private citizen is robbed, a worthy man is deprived of the fruits of his industry and thrift; when the government is robbed, the worst that happens is that certain rogues and loafers have less money to play with than they had before. The notion that they have earned that money is never entertained; to most sensible men it would seem ludicrous.

H. L. MENCKEN, *A Mencken Chrestomathy*

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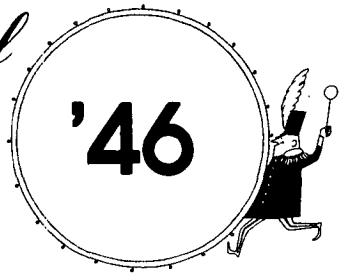
The Spirit of '46



EDWARD COLESON

NO, this isn't a misprint, a Bicentennial article that got the wrong label. There have been other spirits besides the "Spirit of '76"; the familiar German word "Zeitgeist" bears witness to this fact. Let us consider two greatly differing eras which were tied to '46—1846 and 1946.

In 1846 the free enterprise principles enunciated by Adam Smith in *The Wealth of Nations,* published in 1776, were finally, and with a mighty flourish, being put into practice in Victorian England. In 1946 the "Welfare State" became official in America, the "Land of the Free and the Home of the Brave." Both events fit the spirit of their age too, as we shall soon discover.

It is hard to imagine a greater contrast than the thinking and political activities of 1846 as against those of 1946. Both developments were characteristic of their time, and both were the result of a long historical process. In 1846, with the "Repeal of the Corn Laws" and the subsequent change to free trade in the next few years, the freedom philosophy worked itself out to the consummation foreshadowed in *The Wealth of Nations.* With the passage of the Employment Act of 1946, Congress committed the federal government to the "continuing policy and responsibility" of maintaining "maximum employment, production and purchasing power," fulfilling an ancient socialist dream. In 1846 the "invisible hand" was in charge; in 1946 Big Brother had taken over.

One of the most misunderstood aspects of history is what Lord Keynes called "the gradual

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encroachment of ideas."[1] In 1846 the "academic scribbler of a few years back," to quote Keynes again, was Adam Smith. "Ideas have consequences," as the late Richard Weaver warned us a few years ago, but they are time bombs; it takes many years for the results to become apparent. Probably, in this case, free enterprise would have been tried much sooner if it had not been for the French Revolution which merged into the Napoleonic Wars. We tend to forget that Europe was at war from the Fall of the Bastille in 1789 to Waterloo in 1815, more than a quarter century of strife which even became global—not continuous warfare but too close to it. Then followed a tragic postwar depression. No doubt, this long series of misfortunes delayed a number of reforms, including the coming of free enterprise and free trade.

Fallacies and Famine

We fail to understand the background of nineteenth century British laissez-faire economics. Generations of Socialist propagandists have told us that a few greedy capitalists ganged up on the rest of us with the coming of the Industrial Revolution and reduced us to misery and want. Actually, the history of mankind has been punctuated with many famines and they were perhaps as frequent in the West as among "the teeming millions of Asia" more recently. It is hard for us to comprehend such poverty. In the England of two centuries ago a bushel of wheat cost a common laborer five days' pay,[2] and the situation was going to get worse before it got better. During the difficult days of the Napoleonic Wars the price of grain would more than double.[3] Just keeping food on the table was a major undertaking for ordinary folks.

Now part of this was inevitable, given the primitive state of the technology of the time. But it is interesting to note what Parliament did in this time of national emergency: they met, studied the question with care, and voted to raise the duty on foreign grain still higher. Even faced with disaster, they still clung to the old mercantilist notion that keeping things scarce and expensive is economic wisdom. Needless to say, the tariffs on imported foodstuffs, known to the English as the Corn Laws, took on the stigma one might expect in a hungry nation. But since the landlords ran the country, nothing much was done about the problem for a long time.

Now the Corn Laws were not the

[1] John Maynard Keynes, *The General Theory of Employment, Interest and Money*, p. 383.

[2] John Chamberlain, *The Roots of Capitalism*, p. 123.

[3] Robert L. Heilbroner, *The Worldly Philosophers*, p. 79.

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only interference with the market which led to widespread suffering in those days of war and depression before and after 1800. Another tragic intervention by government was no doubt made with much better intentions, if with no better results. After all, the Corn Laws sound like selfish legislation foisted off on a helpless public by a powerful pressure group. But this other intervention was an attempt to play Good Samaritan. This disastrous blunder was another Poor Law, the Speenhamland system inaugurated in 1795 under the stress of the Reign of Terror in France, just across the Channel. Sensible Englishmen of the ruling class felt that they needed to placate the poor lest they rise in wrath and set up the guillotine in London just as their neighbors had done in Paris. This new British strategy in the war on poverty was a wage supplement plan geared to provide a minimum standard of subsistence for everyone, no matter how poor. For instance, if a worker could make half a living, the government would make up the difference; if he earned nothing he was supported by welfare, as we would say.

In the beginning, as Karl Polanyi tells us, "No measure was ever more universally popular."[4] The results were exactly what one would have expected. If a laborer got his living whether he worked or not, why work? Polanyi, though a socialist who might be expected to approve Poor Laws, is severely critical of this one: "In the long run the result was ghastly." Self-respecting laborers were literally driven on welfare by the logic of the system, and were pauperized thereby. It was a calamity for rich and poor alike—a national disaster. Yet, neither Corn Laws nor Poor Laws were "Acts of God"; both were man-made, the consequence of bad economics driving out the good, an example of Gresham's Law operating in the realm of ideas. It would not be worth mentioning these ancient blunders if we were not making essentially the same mistakes today.

[4] Karl Polanyi, *The Great Transformation*, pp. 77-85.

Unscrambling the Omelet

Although a multitude of people believe today that welfare has become an impossible burden and that government intervention in the economy is strangling business and has become a luxury we can no longer afford, few believe we can do anything about it. They meekly concede that these are arrangements we simply have to learn to live with. Yet, Englishmen in the early decades of the last century corrected tragic blunders much like our own.

In 1820, with the war and postwar depression behind them, Lon-

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don merchants and manufacturers petitioned Parliament urging that restrictions on trade be repealed. The same year a similar group from Edinburgh protested also. A committee of the House of Commons investigated the situation and reported "that no less than 1100 restrictive laws were in force, regulating trade in various ways. . . ." The committee urged their repeal. "The doctrines of Adam Smith were at last beginning to be carried out."[5]

Actually, of course, Pitt had started to do this back before the French Revolution but the Napoleonic Wars spoiled everything and made a new attempt necessary a generation later. It would take still another generation to achieve this purpose. The repeal of the Speenhamland Poor Law came in the meantime. Eventually, the British also dramatically reduced income taxes as well as duties on imports. They had accomplished what we do not even consider possible. Let us briefly examine how they performed these miracles.

The first of the victories was the Poor Law Reform of 1834. This was certainly a reaction to welfare abuses of nearly four decades, and it may be fair to allow that the pendulum swung too far the opposite direction, as critics from then until now have insisted. According to Polanyi, "Never perhaps in all modern history has a more ruthless act of social reform been perpetrated. . . ." G.D.H. Cole and Raymond Postgate,[6] distinguished Fabian Socialists, think that "after a brief interval of acute misery" agricultural laborers were actually better off, but that in the industrial areas it was an unmitigated disaster, particularly because its introduction coincided with another depression.

Herbert Spencer tells quite a different story. He describes how his uncle, charged with the task of enforcing the New Poor Law in his parish, found that "Those who had hitherto loitered at the corners of the streets, or at the doors of the beer-shops, had something else to do, and one after another they obtained employment. . . ."[7] The poor rates (welfare costs) for that area dropped from seven hundred pounds a year to a mere two hundred "while the condition of the parish was greatly improved." It is well to remember that poor relief was not abolished but was made available only to those who simply could not support themselves, which was quite a contrast to the previous period of very lax standards.

[5] Vernon A. Mund, *Open Markets*, pp. 91-92.

[6] G.D.H. Cole and Raymond Postgate, *The British Common People*, p. 278.

[7] Herbert Spencer, *The Man Versus the State*, pp. 84-85.

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A Lesson for America

Since an unresolved welfare problem—"bread and circuses"—contributed much to the decline and fall of the Roman Empire, the British experience, even if marred with some needless suffering, should be of interest. We in the United States are getting to the point where we will have to do something. Whether we decide to abolish our outmoded welfare system or it collapses under its own weight, we will need to find alternatives to public assistance. Our minimum wage laws, excessive wage rates, and the exclusive admission policies of nearly every trade and profession so limit the labor market that there are not the job openings there could and should be. In the name of humanity and fair play, both the "haves" and "have nots" in our society will need to make adjustments to resolve our present problem. It is true that a lot of loafers will have to relearn "the work ethic," and those who are affluent must learn to keep open the door of opportunity for other people. We need a revival of simple honesty, of personal responsibility, of consideration for others and of a sense of fair play. A proper social concern need not lead to socialism.

The next great British breakthrough for freedom was the Repeal of the Corn Laws in 1846. Just as England was beginning to adjust to the opportunities and responsibilities involved in the new labor situation (demand and supply in the market place rather than a pauperizing paternalism), an enthusiastic group of free traders organized the Anti-Corn Law League. Since I have long been interested in this theme and have covered several aspects of the subject in previous articles in the *Freeman*,[8] I shall briefly summarize the accomplishments of the League. After a spirited campaign which seemed to have reached the entire English population, the Corn Laws were repealed in 1846 during the administration of Prime Minister Robert Peel. This was only the beginning. Having disposed of the hated grain tariffs, the "bread tax" as it was called, they then went on to abolish the remaining import duties. Quoting Cole and Postgate again, "By 1860 Gladstone had completed Peel's work and Free Trade was . . . in full operation."[9]

Economy in Government

Now William E. Gladstone was also a distinguished statesman in his own right. If Gladstone was Mr. Conservative, as has often been

[8] *The Freeman*, November, 1971 "Economics and Ethics," pp. 646-660; June 1972 "When Men Appeal from Tyranny to God," pp. 323-335; October, 1973 "Capitalism and Morality," pp. 625-633.

[9] Cole and Postgate, *op. cit.*, p. 336.

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observed, he was also the embodiment of economy-in-government. Under his leadership the administration found ways to reduce expenditures and also cut taxes. This was in addition to the less obvious, but no less real, saving to the average Englishman because of the abolition of import duties. With growing prosperity and a declining government budget, Gladstone even managed to reduce the income tax from five percent to two percent over a five-year period.[10] Queen Victoria's government was well on the way to becoming the "simple, frugal affair" that Thomas Jefferson once said a government should be. And one should not forget that England was then a great nation, not a pioneer settlement on the frontier. Evidently genuine tax reductions are a possibility, not a Utopian dream.

One final remark should be made about Victorian statesmen before we move on to the modern period. Whether we are speaking of Sir Edwin Chadwick who engineered the New Poor Law that put multitudes off the dole after 1834, or that devout Quaker John Bright who derived from his Bible the principles of economics that led to the Repeal of the Corn Laws in 1846, or that penny-pinching Chancellor of the Exchequer and later Prime Minister William E. Gladstone who regarded his political career as a Christian calling, we find in them and so many others of that era the same moral earnestness. In an age when many people took their Bibles very seriously this ethical approach to public policy was convincing.

This may seem quaint to a generation of pragmatists in today's world, mostly concerned with pleasure and profit. The Victorian practice of operating on principle and their habit of viewing issues in terms of right and wrong, led to a directness and simplicity which is not characteristic of our age of relativism. We tend rather to institute some expensive and complicated arrangement that is intended to please everybody but can accomplish nothing. The contrast between Victorian politics and our present variety is startling, as we shall now discover.

The Economic Consequences of Socialism

If free enterprise, free trade, limited government and gold were in vogue back in 1846, they were hardly in fashion in 1946, here or elsewhere. Sir Winston Churchill's conservative administration, which had come to power in England's darkest hour early in World War II, was replaced by the Labor Party's socialist government in 1945, even

[10] Walter L. Arnstein, *Britain, Yesterday and Today*, p. 114.

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before the guns stopped booming in the Far East.

In America there was a deep concern that peace would mean a return to widespread unemployment and poverty which had plagued us from the Crash of '29 until war had brought a prosperity of sorts. During the Depression we had become accustomed to massive government interventions in the economy and what seemed like large budgets for what one might call welfare schemes for everyone, from big business to the poor on relief. Many ordinary Americans back then were afraid the government would go bankrupt. Even Mr. Roosevelt had campaigned for the presidency on an economy platform in 1932, accusing President Hoover of reckless extravagance in the early years of the Depression. When war came, budgets beyond our wildest dreams brought victory, jobs for everyone and a boom we could not have imagined a decade earlier. Why not let the government continue to keep us all prosperous? If we didn't go as far as the British, at least we were not returning to traditional laissez-faire economics.

The consequences of our post-war urge for security and continuing prosperity was what Paul Samuelson called the "momentous Employment Act of 1946,"[11] approved by both parties and dedicated to the task of preventing another tragedy like the Great Depression, then still a recent and traumatic memory. The law provided that the President should have a Council of Economic Advisers who should watch business trends and keep the President and Congress informed, so that future disasters could be avoided. If we fell into a recession, as economic slowdowns were now called, the government would simply stimulate business by easy money and increased spending. This, of course, was just another chapter of the New Deal, reinforced by the "Keynesian Revolution" which followed the publication of *The General Theory* in 1936.

For years, it seems, ordinary folks had a great deal of faith in the system whether they understood it or not, and felt that at last the government was capable of keeping us all prosperous. As the saying went, "Depressions have been abolished by popular vote." That faith, it now appears, has been shattered by the recent severe recession, by widespread unemployment, by national budgets that are out of control and inflation which threatens to get out of control. One of the serious aspects of this loss of confidence in the Keynesian system, the welfare state, is a lack of general agreement as to where we

[11] Paul A. Samuelson, *Economics*, second edition, p. 418.

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go from here. At least, the Prodigal Son, who had "wasted his substance" and then woke up in the pig pen, knew his way home.[12]

Where Do We Go From Here?

Fortunately, the solution to our problems is not that difficult, once we clear our minds and recover our sanity. When Lenin tried to install the Marxist system in Russia after the October Revolution of 1917, the collapse was complete and millions starved. (Stalin later bludgeoned the Soviet Union into the communist mold, but the attempt cost even greater casualties.) By contrast, when Ludwig Erhard abolished rationing and controls in Germany on that historic Sunday in June back in 1948, the "German Economic Miracle" rather spontaneously followed. That war-torn nation was in a state in '48 that would make our Great Depression look like prosperity, but freedom proved to be the key to recovery. One is reminded of Adam Smith's classic remark, published in 1776:

> All systems either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord. . . .[13]

It is true that Germany had to suffer total defeat in a total war before she discovered this secret, but the English found freedom and prosperity in 1846 by using their heads and consulting their consciences. May we be able to rediscover our heritage without going through the dark valley the Germans did. If we would become once again the nation that our Fathers intended us to be in 1776, we need to remember the words of America's great English friend, Edmund Burke, during our days of Revolution:

> Men are qualified for civil liberty in exact proportion to their disposition to put moral chains upon their own appetites . . . society cannot exist unless a controlling power upon will and appetite be placed somewhere, and the less of it there is within, the more there is without. It is ordained in the eternal constitution of things that men of intemperate minds cannot be free. Their passions forge their fetters.

[12] Luke 15: 11-32.

[13] Adam Smith, *The Wealth of Nations* (Modern Library Edition), p. 651.

IDEAS ON LIBERTY

Maxwell Anderson

LIFE is infinitely less important than freedom . . . Those who are not willing to sacrifice their lives for their liberty have never been worth saving.

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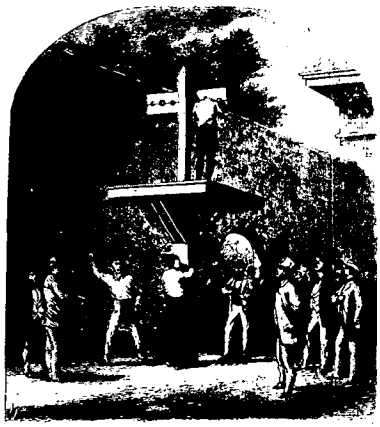

Punishing Criminals

ERNEST VAN DEN HAAG'S *Punishing Criminals: Concerning a Very Old and Painful Question* (Basic Books, $11.50) is a wonderfully hard-headed book. Its hard-headedness is of a most enlightened sort: it is devastatingly critical of the latter-day disciples of Rousseau, who still insist that "society" rather than "original sin" is always to blame for the criminal actions of an individual, but it does not completely reject the argument that some crimes are "socially determined." And it is skeptical about statistics that purport to prove one thing or another about the efficacy of punishments. Its sense of paradox keeps it rigorously honest, which is unsatisfactory to those who insist on categorical answers to all perplexing questions. Despite its tentativeness, however, *Punishing Criminals* leaves one with no doubt that "men must act," even though there must be considerable guesswork when it comes to the predictive value of one's decisions.

The big headline question of the day is, of course, the desirability of reimposing the death penalty for premeditated murder. Professor van den Haag approaches this thorny matter with a most commendable impartiality. Aside from the moral considerations of justice, the main argument for capital punishment is that it is more effective as a deterrent than such an alternative as life imprisonment. Dr. van den Haag

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admits the fragmentary nature of statistical research bearing on the question of deterrence, but he cites Professor Isaac Ehrlich's "simultaneous equation regression model" to show, in Ehrlich's words, that "an additional execution per year ... may have resulted on the average in seven or eight fewer murders."

Personally, I put my own trust in logic more than in simultaneous equations. Since Dr. van den Haag says "it remains to be seen if further research will support or refute" the Isaac Ehrlich mathematical demonstration, I rather guess that logic is van den Haag's preference, too.

Logic tells us that if killers are hanged or electrocuted, they will not be around to commit further crimes. Without the possibility of a death penalty, anyone threatened with a life term for hijacking a plane or kidnaping a child or shooting a man in the course of armed robbery would have no reason for refraining from murdering a third person (a policeman or an informer) in order to make a getaway.

Dr. van den Haag quotes the instance of two case-hardened prison inmates, jailed presumably for life, who stabbed the warden and his deputy to death with mess-hall knives. Since one can only be imprisoned for a lifetime once, the prisoners had nothing to lose.

A Risk Either Way

The case for or against the death penalty as a deterrent rests on a preference for one of two risks. If capital punishment does not increase deterrence, we lose the life of an executed convict without saving anyone else. But if the death penalty does add deterrence, and we refrain from pronouncing it, we run the chance of losing the lives of victims who might run foul of murderers in the future.

Dr. van den Haag, who is always willing to look at both sides of a question, admits that there can be miscarriages of justice. Capital punishment is irrevocable, and if a man is hanged he won't be there to take terrestrial advantage of new evidence proving his innocence. The logical case for the death penalty must rest on the presumption that despite an occasional miscarriage of justice, more innocent lives will be saved than lost by invoking it.

Dr. van den Haag marshals the arguments against the death penalty in a perfectly fair way. But, even in the middle of the chapter called "Arguments Against," he can't resist interjecting that "the murder rate in the U.S.—always a multiple of that in Western Europe and Japan—has risen terrifyingly in the last decades." So what are we to conclude? We turn back to van den Haag's previous chapter on "Arguments For" in which he

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observes that "life becomes cheaper as we become kinder to those who wantonly take it." Latter-day "liberals" who prate about the "sanctity of life" can't get around this paradox. Oddly enough, many of the people who reject capital punishment on humanitarian grounds have no prejudice against abortion or, in some cases, against euthanasia.

How Much Deterrent?

As a libertarian who could not possibly face incarceration for a lifetime without contemplating suicide, I would be prepared to argue that the prospect of life imprisonment is enough of a deterrent in itself. But the trouble, as Dr. van den Haag says, is that, "as a sentence, 'life' today means not life but some years of it." Murderers are frequently released, for one reason or another, before they have completed their "mandatory" prison sentences. And the modern convict, no matter what his crime, "is entertained by TV" and has access to social workers who may obtain sufficient freedom for him to commit additional crimes.

Dr. van den Haag does not go deeply into questions of ethos. He is just as willing as anybody to admit that crimes are, in many instances, "socially conditioned." But his lively sense of paradox impels him to turn this argument against the followers of Rousseau. The idea of deterrence, if it becomes part of the expectations of a community, can be part of a "general determinism." If a criminal can't help what he is doing, other members of society are equally "determined" in punishing culprits who menace their rights. Says van den Haag, "deterministic views of all kinds are entirely consistent with theories of deterrence, which actually require a causal (though not necessarily 'deterministic') view of human behavior."

A Presumption of Responsibility

The truth is that a free society must rest on the presumption that men are moral agents who are responsible, despite their genes or their "social conditioning," for what they do. Morality has no relevance if all things are fated by environment on the one hand, or by heredity on the other. Some poor people commit crimes; some don't. Some rich people are responsible; some aren't. Responsible people can only act on the theory that criminals must be incapacitated if society, in general, is to live in peace.

Unfortunately, the Rousseauists among us have made it more and more difficult to incapacitate thieves and cheaters and murderers. Much of van den Haag's book is concerned with ways of speeding justice, keeping potential

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"recidivists" under control, and preventing juveniles from becoming hardened adult criminals. He has ideas about utilizing fines as punishment. Why not, he suggests, state fines "in days or years of earnings." This would mean the rich would suffer commensurately with the poor when convicted of a crime carrying less than a prison sentence.

As a final word to the Rousseauists, Dr. van den Haag remarks that if "somehow bad social institutions always seem to corrupt naturally good men," none has ever satisfactorily explained "why naturally good men create bad institutions, and by what means revolutionaries manage to remain uncorrupted so as to lead us into the millennium." The possibility is rarely considered that "naturally bad men corrupt good institutions."

Knowing human nature, van den Haag says we can only reduce, not eliminate, crime. The task is not to dream up a social order that can do without punishment but, rather, to make the punishment it uses more just and effective.

▶IN OUR TIME by Eric Hoffer. (New York: Harper and Row, Publishers, 1976) 114 pp., $7.95.

Reviewed by Allan C. Brownfeld

WHEN his first book, *The True Believer,* was published in 1951, Eric Hoffer was unknown. Readers recognized, however, that a powerful and original talent had made its appearance and were astonished to learn that Hoffer was a common laborer who had been virtually blind in childhood, who had recovered his eyesight, and who had educated himself entirely by his own efforts.

In *The True Believer* and the many books which have followed, Eric Hoffer has been an eloquent spokesman for individualism, freedom, and free enterprise. Part of his view is that when individualism dies, tyranny becomes possible and, often, probable. He wrote that, "Faith in a holy cause is to a considerable extent a substitute for lost faith in ourselves . . . A man is likely to mind his own business when it is worth minding. When it is not, he takes his mind off his own meaningless affairs by minding other people's business. . . . In running away from ourselves we either fall on our neighbor's shoulder or fly at his throat."

Now, Eric Hoffer has presented us with another volume of his

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thoughts on the state of the American society and the prospects for the future of freedom. *In Our Time* is filled with astute observations and insights and represents the approach we have come to expect from Eric Hoffer—one which always begins with a healthy dose of common sense.

The free enterprise system has produced great material abundance in the United States but, in the very height of this accomplishment, faith in the market economy and in freedom itself seems to be diminishing. Society, in many respects, appears to be in a state of dissolution. "Up to now," Hoffer writes, "in free societies social discipline has been a by-product of scarcity, and the turbulent 1960s have shown us that the most urgent need of an affluent society is a new source of discipline. ... It was a shock to a materialist civilization to discover that the most important facts about a human entity are its illusions, its fictions, its unfounded convictions. A society without illusions is without vigor and without order and continuity. It took a triumphant technology to demonstrate that 'things which are not are mightier than things that are.'"

Part of the reason for the collapse of values and standards in our affluent society, Hoffer believes, is the abandonment of its proper role by the middle class. He notes that, "... when the middle class is no longer immersed in a struggle with nature, when it has solved the problems of production ... it becomes unsure of its footing and seems to have nowhere to go. Its values, based on scarcity, begin to disintegrate and it no longer feels itself in possession of the true and only view possible for sensible people. The middle class is unprepared and unequipped to lead people to Eden, and it cannot find a substitute for the social automatism induced by unfulfilled needs and fear of want."

While some have argued that "money is the root of all evil," Eric Hoffer challenges such a view. He states, instead, that, "... the passage from the nineteenth to the twentieth century saw a shift from a preoccupation with money to a preoccupation with power. ... It is part of the sickness of our time that money has lost its magic power. What ails societies at present is not that everybody wants as much money as possible but that everybody wants to do as little as possible. We used to wonder how in the nineteenth century it was possible for so few to have so much at the expense of the many. Now the wonder is that so many get so much at the expense of the few."

Contrasting free enterprise and collectivism, Hoffer declares that, "Capitalism can produce abun-

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dance. It gives full scope to the energies of the individual, and is an optimal milieu for people who can help themselves and want to be left alone . . . Communism cannot create abundance, and it cannot release a copious flow of spontaneous energies. It cannot utilize the energies of enterprising people who are at their best when left to themselves."

The dilemma of capitalism at the present time, he writes, is that it has succeeded too well: "Capitalism's disconcerting predicament is that it gets in trouble when it achieves abundance. Capitalist society is strained to the breaking point not, as Marx predicted, by ever-increasing misery, but by affluence. Once scarcity has been eliminated, capitalism does not know how to induce people to work. Moreover, the erosion of the pre-capitalist authorities of family, church and school leaves capitalism helpless in the face of social anarchy."

The American welfare system—paying people to do nothing—could learn a lesson, Hoffer points out, from the experience of the Soviet collective farm system and the incredible productivity of the private plots which farmers are permitted to work. He writes that, "an America that has been spending billions on unsuccessful poverty programs would do well to send delegations to Soviet Russia to learn from the lesser peasants how to turn millions of chronically poor Americans into enterprising human beings."

The intellectuals dislike capitalism, he writes, not because it is inequitable but because they are not in charge: "Where the trader is in power, the scribe is usually kept out of the management of affairs, but is given a free hand in the cultural field. By frustrating the scribe's craving for commanding action, the trader draws upon himself the scribe's scorn, but he also releases the scribe's creative powers. It was not a mere accident that the Hebrew prophets, the Ionian philosophers, Zoroaster, Confucius and Buddha made their appearance at a time when the trader was ascendant. . . . Where the scribe is in power, the trader is regulated and regimented off the face of the earth. In scribe-dominated Communist countries the legitimate trader has been liquidated."

Unfortunately, the intellectuals who bid for power by attacking the system of free enterprise and the moral values of the majority, are skilled in the use of language and the communication arts. "The adversary intellectual," Hoffer writes, "savors power not by building or wrecking but by discomfiting and denigrating, and by rubbing the noses of the majority in dirt."

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There is much more in this volume than its length would indicate. Eric Hoffer is an eloquent defender of freedom and free enterprise. He has been a gold miner, migratory field worker, and longshoreman. He is also a scholar. No one can read his words without being dramatically affected by them.

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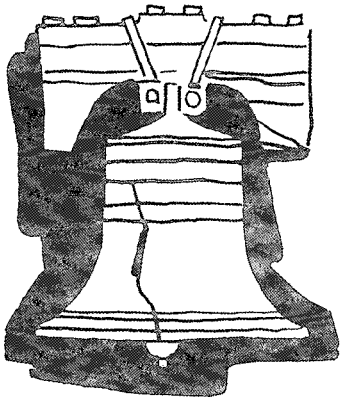

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